BUSINESS WEEK

A Business News and Interpretation

He loves it—but the effects wear off

A

McGRAW-HILL

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FEBRUARY 12 1930

NEW IN KANSAS CITY

The *world's largest cigar factory,* the new plant of the American Cigar Company. Capacity, 2 million cigars daily; investment, $3,000,000; payroll, $4,000,000; employees, 2,900.

NEW IN KANSAS CITY

Center of a 50-million-dollar telephone expansion, with the Southwestern Bell Telephone Company reconstructing its long distance lines in underground conduits through the Southwest.

NEW IN KANSAS CITY

A record year of new industries and expansions: 128 new concerns; 236 expansions among existing industries, with accompanying record inflow of investment capital from other sections for building and industrial development in Kansas City.

NEW IN KANSAS CITY

A new downtown skyline in one year: Upward of 20 million dollars expended during the year in downtown construction, and more than 75 million dollars already pledged to general construction within Kansas City during 1930.

INDUSTRIAL COMMITTEE OF THE CHAMBER OF COMMERCE

KANSAS CITY

MISSOURI

I am interested in this industry:

_____

and I attach the coupon to my letterhead as assurance of my interest, without obligation, of course.

Name _____

Address _____

2230

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THE

BUSINESS WEEK

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING FEBRUARY 8, 1930

WHAT'S IN THIS ISSUE—AND WHY

• MONEY grows cheaper. To stimulate industry, foster trade, one great central bank after another, including our own, cuts the discount rate. Deflation in Wall Street at last begins to bear useful fruit.

• COLLAPSE of grain and cotton prices is dramatic and momentous news. Our government sinks deeper into difficulty. Did the Farm Board unwittingly help smash prices? Shall it—which means us—absorb the farmers' losses?

• MAKERS of the Gillette razor have adopted one of the boldest pieces of sales strategy American business has ever seen and on a scale of operation that involves $10,000,000 for advertising alone.

• PREMIERS of Ontario, Quebec, and the Dominion held round table conference in Ottawa recently, to discuss the St. Lawrence deep waterway. They are as far apart as ever. The project is dead for a long time to come—and that's all right with Canada.

• INSURANCE companies hold $2 billions in mortgages on American farms. Most of the money was lent when farm land was worth 40% more than it is today. Will insurance companies renew such loans? If not, what? More government aid?

• CRANE COMPANY will let you pay for your plumbing on the instalment plan. A great chain of banks will handle the paper. The business world do move.

• PARLIAMENT, just reassembled, will pick one of two paths for England to take. So must we choose between the same paths. The decision will affect business on both sides of the Atlantic.

• EUROPEAN maneuvering against the American automobile still makes news. Germany is in a pother; Ford is reported ready to sell his French plant to Citroën if new, prohibitive French tariffs pass.

• GERMAN government and business have financial troubles; the jobless number 2,000,000.

• HOW is employment? Is it increasing as Washington says, or decreasing, as some state figures indicate? There is no convincing answer just yet.

• STEEL, long so peaceful, so orderly, so united, is all astir. Things are happening, fast. And unless all signs fail, steel will make front page news many times in the near future.

• A GREAT job is looking for a great man. Gates McGarrah seems to be just the man—but he doesn't want to head the "B.I.S." Job and man are worth your study.

• THINGS have altered since the days Big Business saw a devil behind every Russian beard. What Big Business thinks of Russia may astonish Congressmen.

Business Outlook

MOST of the week's crop of business indicators are disappointing, and those that are not are a bit puzzling by contrast. Steel production, according to figures being given out, continues to gain so rapidly that the lost ground since the stock market crash has about been recovered and there is some curiosity as to whether there will be very much more left to recover this month unless general trade conditions improve faster than they do. The bridge of building activity between the fall and spring seasons is sagging. Freight movement and check money turnover are feeble, and commodity prices have been subject to fainting spells, in which Farm Board maneuvers in commodity markets have not helped. The slump in prices of the great staples is not in itself so unfavorable a factor—except for the foreign trade outlook—as is the prospect of prolonged uncertainty and unsettlement in commodity markets which government intrusion involves.

These reflections of continued trade slackness and hesitancy suggest that the factors underlying steel recovery have not yet made themselves generally felt. It seems unlikely that steel, and the automobile activity back of it, should have made a forced or false start, but if they have, general business recovery would be delayed. Fundamentally the most reassuring factors are the strengthening of the banking position, the easing of money rates, and the fairly steady improvement in security markets.

Bear Raid Shows Weak Spots In Farm Program

THE bears came out of their winter quarters unexpectedly early in the last two weeks and went on a rampage in the agricultural commodity markets. The agricultural experts, the Farm Board and commodity traders all turned bearish, and prices, particularly wheat and cotton, hit new low levels for the year. The noise of this bear raid was heard in the security markets and tended to check the quiet advance of the past few weeks.

The general decline in commodity price levels that has been going on for several months is the natural result of a business recession which has temporarily cut down the demand for raw materials and retarded forward buying. In the agricultural products, however, there are factors of far greater significance. Probably the largest one is the disturbance and confusion that has been created by government farm relief policy in commodity markets and channels of trade through which farm products move. It is not too much to say that the collapse of wheat and cotton prices has been due, not so much to the actions as to the existence of the Farm Board and the widespread uncertainty as to what it will do. Since the Board began operations in July, prices have been declining, irregularly but steadily and definitely.

As a matter of fact, there is no sound economic reason for the low levels to which wheat and cotton prices have fallen. Neither the world wheat nor cotton crop was large, and the normal operation of supply and demand in world markets should have sustained prices at considerably higher levels than now prevail, and even with a temporary business recession they might have been expected to come back to such levels before the new crop year begins. The efforts and plans of the Farm Board to fix minimum prices, together with the similar policy of the Canadian wheat pool, upset the market, retarded normal forward buying by consumers here and abroad and had precisely the opposite effect to that which was intended. The Farm Board and the Canadian pool made the mistake of pitting themselves against traders and consumers in the markets of the world, in a game for tremendous stakes, and they have apparently lost.

How much the farmers will suffer remains to be seen. This year's crops of wheat and cotton have largely passed out of the farmer's hands and are now mostly held by traders. The cooperatives, however, have borrowed heavily at prices which are now above the market, to hold wheat and cotton. Unless the Farm Board comes to their rescue by setting up stabilization corporations which will make the government take the loss, the farmer members of cooperatives will probably have to bear it. Severe pressure is being brought to bear upon the Farm

Board to take this next step to put the government still deeper into the farm marketing business. The American Cotton Cooperative Association, set up by the Farm Board, has already taken over the cotton contracts of the individual cotton cooperatives.

Realization of the difficulties into which the policy of price pegging is leading the government—particularly the danger that expectation of higher prices next year would induce farmers to increase production and create a surplus that would crush the Farm Board and the Treasury—has resulted in a heavy barrage of exhortation from government officials, agricultural experts and Farm Board members warning farmers against increasing their acreage and output. The conference of representatives of agricultural colleges, the Department of Agriculture and the Farm Board to consider the agricultural outlook for next year resulted in a very bearish report. In view of prospects of diminished foreign and domestic demand for most farm products the conference said the outlook for higher prices during the next crop-year was very unfavorable unless every effort was made to curtail production.

This message is to be carried down to the local farmers through the agricultural colleges and county agents. Production control by persuasion is to receive its decisive test this year. It has usually failed because the expectation that prices will be higher when production generally is reduced leads the individual farmer to increase his own output to take advantage of higher prices and let the other fellow do the curtailing. The other fellow usually does the same, and production is greatly increased.

Moreover, since crops during the past year have generally been short due to weather conditions, the probabilities anyway are that next year's crop may be of bumper size. If this should be the case our farm relief policy will be in for serious trouble and we may look for another period of farm relief agitation in Congress. In fact, it has already begun. The whole situation so far shows that our present farm relief legislation was probably hasty and ill-conceived and that we may be forced either to retrace our steps or go a long way further into the difficult and dangerous territory of government control. It is perhaps unfortunate that this legislation should have had so severe a test at the very outset before the machinery of the Farm Board had been developed and strengthened enough to show what it could do under normal conditions.

American Eyes On British Political Drama

AMERICAN business men should watch carefully what goes on in England in the next few months. The center of interest in European affairs has now shifted to Great Britain. Parliament has reassembled after a month's holiday during which interest was diverted to the Naval Conference. The Conference still holds the center of the stage, but behind the scenes the second act of a rather tense drama is being prepared as Parliament tackles the issues upon which the Labor government will stand or fall.

The stability of the MacDonald government, which is not very great at best, is not the most significant aspect of the situation. None of the other parties is any stronger so far as ability to propose and put through constructive measures to deal with domestic economic problems is concerned. The real issue lies deeper than the surface froth of political maneuverings. It is a question as to which of two fundamentally opposed tendencies in economic policy will gain the upper hand in the next few months.

On the one hand is the tremendous and general pressure, to which all political parties in Great Britain have yielded in some measure, driving England steadily toward complete state socialism. This pressure results from the acute distress which large sections of the industries and working population of Great Britain have suffered since the war in the process of complete reconstruction and reorganization of British industry and trade made necessary by the international consequences of the war. Each new British government has come into power on the basis of its more or less vague promises to do something about unemployment and the depressed trades. Because of the urgency of the problem, these promises have always involved in greater or less degree some extension of immediate relief action by the state. The unemployment insurance scheme has been progressively broadened and altered until it is now no longer an insurance system at all but essentially a system of state charity, poor relief or doles. The present Labor government has promised further extensions and this promise is one of the bones of contention in Parliament. The pending coal mining bill is another long step toward socialization of the coal industry. Without attempting any sound re-organization of the industry by consolidating and reducing the number of uneconomic mines, it attempts to fulfill a Labor party pledge to reduce working hours and maintain wages of the miners by setting up a state controlled coal marketing system which aims to increase the foreign market for coal by reducing export prices at the expense of higher prices to domestic consumers. Other pending legislation calls for a large extension of government credit to finance public utility construction.

All of these measures, and others of similar character, involve heavier taxation, and the Labor government is already face to face with an inevitable deficit, which Mr. Snowden will be able to avoid only by some feat of financial jugglery as yet undisclosed. This prospect of heavier tax burdens, together with uncertainty regarding the government's tariff policies, has caused great business hesitancy.

At the same time, and in strong contrast to this drift toward state socialism, there has developed within British industry and finance in the past year a vigorous and aggressive tendency to attempt to deal with its problems on its own initiative. A drive toward plant modernization and financial reorganization has begun in the textile, iron and steel and other depressed industries, and the larger banks, including even the Bank of England, have modified their traditional conservatism and are undertaking to support this movement by setting up investment agencies much on the American pattern. In labor matters also the unions and the Federation of British industries have made rapid progress in working out machinery for the discussion of problems apart from the government. All this effort is necessarily slow in producing results, but it holds great promise for the future. As yet it has very little definite and organized expression in British politics. It is too slow and fundamental in character to provide a platform from which any of the parties can appeal to the mass of voters; but curiously enough some sections of the Labor party, represented by J. H. Thomas, have been inclined to take the most interest in it.

These two trends in British affairs are of great interest to American business because they parallel similar conflicting tendencies in this country, though the problems are far less acute here. The drift toward greater dependence upon state action and wider governmental control is clearly evident in our agricultural and shipping policies, and the current business recession has given an impetus in many ways to larger governmental action as opposed to private initiative. The outcome of the situation in Great Britain is therefore of great importance to American business.

Insurance Money Leaving Farm Loan Field?

CONSIDERABLE mystery of an ominous kind surrounds reports from Washington that insurance companies have begun a concerted withdrawal from the farm mortgage field and are curtailing their farm mortgage loans. Secretary Hyde of Agriculture is said to have reported to the President that insurance companies holding mortgages on farms in Kansas, Missouri, Iowa, Nebraska and other agricultural states are not renewing such loans, are demanding reduction of the amount loaned or exacting higher interest rates.

The reason is that many of these farm mortgages were placed in 1919 or 1920, at the peak of war-time inflation of farm land values, which have since depreciated by as much as 30%. Because of the post-war agricultural depression, a great deal of farm mortgage paper held by insurance companies and banks has been frozen for some years. It has been impossible to turn over the farm property even at the value of the mortgages and, where foreclosures have taken place, it has been necessary for insurance companies and banks to hold the property and in some cases to operate it through tenants or group farming organizations. Ten-year mortgages made in 1919 or 1920 are now becoming due; but the insurance companies may well be unwilling to renew the mortgages at the original values.

Some of the larger companies in the East have explicitly denied that any such action was being taken, although some of them say that they are not inclined to make any new farm mortgage loans.

It is possible, however, that we may be running into a period of difficulty in this form of agricultural credit as the deflation in war-time farm land loan values becomes effective. Such difficulty might be quite serious if the insurance companies found it necessary to get out of the farm mortgage field or to readjust loan values on a large scale. It is estimated that insurance concerns hold about $2 billions out of the $9 billions of farm mortgage debt. Another $2 billions is being carried by the 12 Federal Land Banks and the 52 Joint Stock Land Banks. It is well known that the latter are not in an altogether happy position. Three of them are in receivership and are making no loans.

Both the Federal Land Banks and the Joint Stock Land Banks have found it increasingly difficult to market their bonds because of high money rates and the furor of stock speculation. It is altogether unlikely, therefore, that they would be able to take over much of the burden of farm mortgage loans should the insurance companies decide to get out from under.

This situation gives special point to the proposals recently made in Congress to require the government to purchase large amounts of Land Bank bonds and thus go into the farm mortgage business. If the insurance companies withdraw from the field, there will doubtless be renewed pressure upon the government to enter it.

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Live Looking Beats Watchful Waiting

ONCE there was a small hardware dealer who determined to find out why business was poor, instead of waiting for it to improve and meanwhile railing at chain stores and mail order houses.

He decided that he could function economically in ninety square miles. So he sent out a man who called at each of the 400 homes in that area, noting the condition of houses, outbuildings, fences, stoves, radios, etc. The survey showed that some $67,000 worth of business was waiting for someone to take it.

The dealer had not sold a kitchen range in two years. He put a sample range on a truck, sent it to all the known prospects, and in two weeks sold fifteen ranges for a total of $2,025.

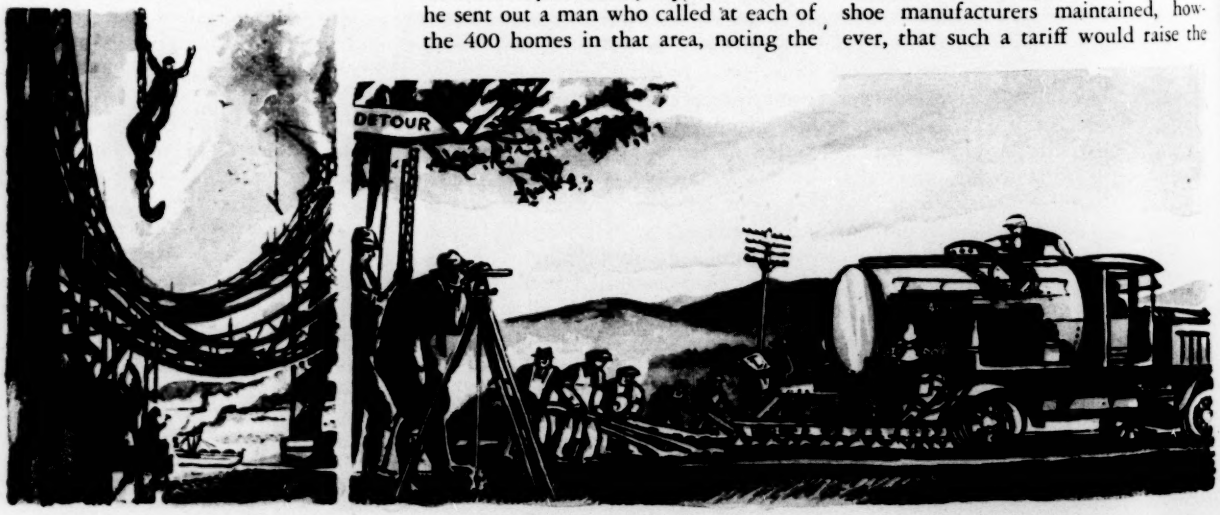
▼

Insurgents Ride Tariff Down the Stretch

ALTHOUGH crowded off the front pages by the disarmament conference and perennial prohibition paroxysms, the Senate tariff bill pursues its snail-like course. The insurgent Republican-Democratic coalition group is still in the saddle. Like the Prince of Wales it has had some painful tumbles, as in the rayon and wool schedules. But like the Prince again, it courageously remounts and has recently taken the rather formidable barriers of the sugar, fats and oils, cement, boots and shoes, hides and leather schedules without faltering. The finish line is in sight. Besides a few rate schedules such as coal tar dyes and petroleum, there remains only the offering of individual amendments before the bill goes to conference.

Generally, the insurgent group has been rather consistent in its activities. Its basic formula that agricultural rates must be raised before industrial schedules can be revised upward has been intelligently interpreted in most cases. In the sugar schedule it was apparently decided that, while a higher tariff would benefit some farmers, it would penalize so many more that increased duties could hardly be considered farm relief.

Again, in the consideration of hides and leather schedules a tariff would have benefited domestic producers. Boot and shoe manufacturers maintained, however, that such a tariff would raise the



cost of shoes to all whereas a tariff on boots and shoes would affect none. There being no apparent way of reconciling conflicting interests, the Senate compromised by placing both schedules on the free list. This pleased nobody.

Against the massed attack of New England and Atlantic seaboard senators, cement was continued on the free list. Belgian cement can be sold along the coast for less than the domestic product but high rail freight rates prevent its influence reaching very far inland. A tariff would have encouraged higher prices in territories where there is little or no foreign competition. So, again, the coalition decided to let a small section of the country suffer strong competition in preference to penalizing construction activities throughout the land.

There are many indications that when the bill goes to conference the Senate rate schedules will prevail. That they are much nearer to President Hoover's wishes than the House rates appears certain. If this is true the administration steam roller in the House will make short work of dissenters. The administrative provisions are likely to have harder sledding. Traditionally, the Senate has been chiefly responsible for rates and the House for policies. That the latter will relinquish its historic function without a struggle seems doubtful; this is particularly true since it is evident that the House administrative measures are more in line with the President's wishes.

A tariff bill in which the Senate rates and the House administrative policies are combined would be likely to receive the Presidential approval and signature. Such a bill would probably receive general approval. At any rate it would be a decided improvement over what might have been had some of the wild proposals made in both House and Senate been adopted.

Clouds Darken Germany's Fiscal Future

GERMAN finances continue precarious. January fiscal results were satisfactory, February looks gloomy. By July, say even the most promising estimates, there will be a cash deficit of 273,000,000 marks. Although the year-end emergency was passed safely (BUSINESS WEEK, Jan. 1), trouble was only postponed.

High authorities sit heavily on the lid. The Young plan will become completely operative soon. These factors will prevent a major emergency until real remedial steps can be taken. More drastic governmental economy must come. Meantime, rough sledding is in prospect.

Deficit at the year end was 1,700,000,000 marks, an accumulation of several years. This was met by advances from some government departments and emergency loans by several banks. Completion of the Swedish match loan, ratified by the Reichstag this week, may ward off the trouble expected in July. France has strenuously opposed further external borrowings until reparations bonds are floated, and has had its way.

The July deficit may be even larger than anticipated. To date, revenue is not holding to estimates. Expenditures are being increased by a growing unemployment dole. The tax reduction proposed by Dr. Hilferding before he was forced out as finance minister by Dr. Hjalmar Schacht, President of the Reichsbank, has been shoved into the background.

Business, as well as the government, is suffering from a shortage of funds. Of all long term foreign borrowing in 1929, private business got only 5,000,000 marks of a total of 584,000,000. And all such borrowing in 1929 was only about one-third of the 1928 total.

All is not definitely unfavorable. Germany's foreign trade is increasing, and there is now a sizeable favorable balance. Better yet, Paris is loaning increasing amounts of short term funds to her former enemy. Conferences between officials of the two nations at The Hague are bearing fruit. As Germany badly needs the funds and France has a surplus, the move is logical. But while short term funds are helpful, they do not care for the capital needs either of business or the government.

The short term, or floating debt, aggregating now more than 1,600,000,000 marks, is a huge problem in itself. Such an amount tends very quickly to become unmanageable. Strenuous efforts are being put forth to effect a reduction.

Unemployment, meantime, is mounting, and jobless total more than 2,000,000 according to the latest figures. The curb on foreign loans is said to have stopped much construction, thus adding to unemployment, which increases governmental expenditures by raising the dole. Business failures are increasing sharply, and the total number for 1929 was 40% above the total for 1928.

The recent cut in the Reichsbank rediscount rate to 6% from 7% is helping. The Reichsbank is in a good position, and there are indications that some further gold may shortly be obtained from England. But this, in itself, only emphasizes the fact that bank authorities realize that unsatisfactory conditions demand imperative action.

Government officials, the Reichsbank and the creditor nations see the picture with growing clearness. The first issue of reparation bonds, to come in a few weeks, will be accompanied by a $100,000,000 loan to the nation directly. This should relieve conditions materially. But better public finance cannot be delayed.

Banking ► Chain Joins Manufacturer To Aid Instalment Sales

AN unusual program to assist home-owners in the Northwest—and eventually throughout the nation—is projected by the First Bank Stock Corporation, one of the Northwest's two huge bank chains. Through its operation, home-owners will be able to buy plumbing and heating fixtures and insurance on the instalment plan and can make special arrangements for financing the purchase of building materials. Other types of financing will be added to the services of the group later on in line with the growing tendency of American banks to extend their services far beyond the original limits of the "bank loan."

This expansion into the national field of financing by the large Northwest group is itself an important development in American banking. Recently, the First Bank Stock Corporation, having $470,000,000 resources and about 90 affiliated banks, purchased the Lumberman's Acceptance Corporation of Chicago. Head offices of the acceptance institution were moved to St. Paul, headquarters for the bank chain, and its name became the First Bancredit Corporation. Although planned primarily for the purpose of financing the purchase of building materials through acceptances, the step had a broader significance in its development of the use of acceptances for private financing. (THE BUSINESS WEEK, December 25, 1929.)

Now heating and plumbing purchases will be financed by the group on the instalment plan. Through First Bancredit Corporation, a contract has been closed to handle this financing in cooperation with the Crane Company under the Crane budget plan. Purchases of Crane heating and plumbing equipment will be paid for in monthly instalments. Crane will sell through plumbing and heating contractors and will turn over the credit paper to First Bancredit Corporation, which will supply the cash. Thus the Crane Company's capital will not be tied up.

The contract also marks the first entrance of the Crane Co. into the instalment field. Crane is one of the largest manufacturers and distributors of heating and plumbing equipment in the world. It operates 161 branches in the United States and Canada and markets its products in many foreign countries.

The First Bancredit Corporation also finances on the instalment plan practically all forms of insurance, excepting life insurance. The time of payment is usually about 10 months.

In connection with its expansion program, the corporation will soon open offices in New York, San Francisco and Dallas. The bank group of which it is a subsidiary has also increased its paid-in capital by $500,000 to a total of $1,100,000. Resources come to about $3,000,000.

In the early stages of development, the new business will probably be limited to making financing arrangements for national accounts on a nationwide basis. Later on, will come divisional financing plans for selected areas. In the Northwest the First Bank Stock Corporation's own 90 affiliated banks are immediately available as agents.

Finance ► Taxing of National Banks Is Difficult

THE question of how national banks can be taxed is causing considerable concern to banks and banking authorities. Congress will have the question to consider. As in many cases, the Supreme Court is responsible for the presence of this vexing question.

Some states have been taxing national banks located within their borders on a basis of income, much as other businesses are taxed. Then along came the court last May and found that a considerable proportion of bank income came from government securities held as investments. Now most government securities are, by law, exempt from taxation both as to principal and income. So the court said "You mustn't do that."

The court has also held that states shall not tax national banks higher than competing institutions—in other words, that the states must treat the national and their own banks the same. Considerable technical difficulty has been experienced in coming to an exactly comparable basis.

One group has now figured out a complicated plan whereby banks will be taxed on their shares and the annual increment of those shares. In Congress there is a proposal to tax them on a property basis. The whole problem has long been intricate, and has become increasingly so during the present year.

Underwood & Underwood Photo

ROAD BUILDING IN CHINA—OLD AND NEW

Once the work was done by coolies (as above), but machines are rapidly replacing ancient methods. Recently an American firm, using American road machines, scraped and graded 1 mile of roadway at a cost of 60 Mexican dollars. If the cheapest manual labor had been used, the work would have cost 601,000 Mexican dollars

Distribution ► **Bonanza Profits In Discounts**

THE National Association of Credit Men has compiled a table showing the earnings open to retailers who will take advantage of various discounts offered for cash payment of bills. Here are the annual interest returns of savings thus made:

½% 10 days, net 30 days	9%
1% 10 days, net 30 days	18%
1½% 10 days, net 30 days	27%
2% 30 days, net 4 months	8%
2% 10 days, net 60 days	14%
2% 30 days, net 60 days	24%
2% 10 days, net 30 days	36%
3% 10 days, net 4 months	10%
3% 30 days, net 60 days	36%
3% 10 days, net 30 days	54%

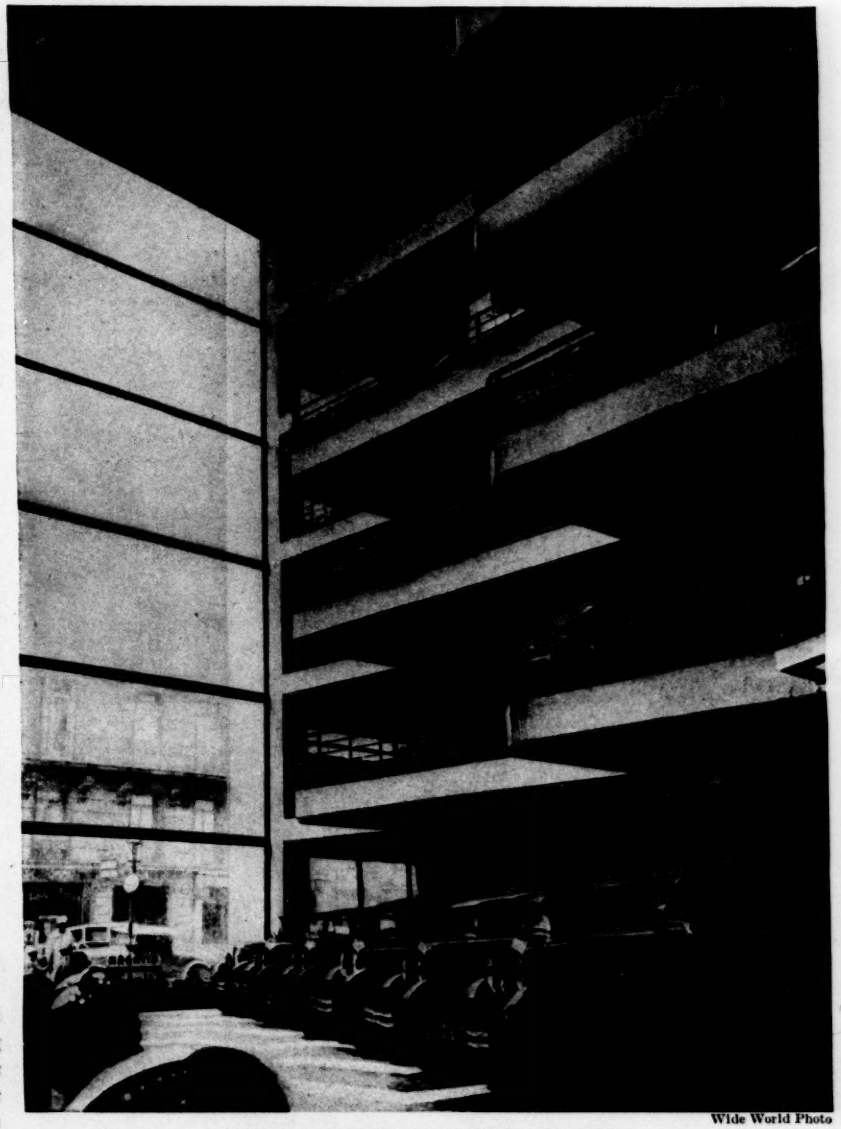
The most commonly used discount is 2% for cash within ten days or net payment in thirty days. As shown above, money invested in such discounts yields a return of 36% annually. Many merchants prior to the stock crash last fall had ceased taking discounts, and were using their money for speculation. But it is doubtful if any of them made as much as 36% profit on their investments.

Railroads ► **Pullmans for Hogs And Sheep**

WESTERN railroads are trying out triple-decked steel "pullmans" for hogs and sheep. Now our pork and mutton will arrive in style; everything is being done to make the journey to the slaughter pen as pleasant as possible. The cars, with one-third more capacity than the present old-fashioned double-deckers, will carry their own "diner." It will not be necessary to unload the stock for feed and water, as is the usual practice on long trips. Carriers say that four days can be saved between Chicago and the Pacific Coast.

Although loud cries of approval have come from the flocks and herds, shippers everywhere have not yet heartily endorsed these joy-riding stock cars. Present loading yards are built to serve double-deck cars; cannot handle the triple decks without alterations. Then, too, a particular type of feed must be used in the compartments. The "pullmans" are now being used experimentally in livestock territories to test their efficiency.

Special diagram rooms may have to be built to take care of the heavy traffic expected. A wise hog or a wary sheep telephones in early.



Wide World Photo

SOMETHING NEW IN GARAGES

A new all-glass garage has recently been opened in the Champs-Elysées, Paris. It will accommodate 800 cars, and has a window sixty feet high that shows all six floors of the structure

Personnel ► **Watch New Retirement Plan**

OPERATION of a retirement plan adopted by the Sharples Specialty Company, Philadelphia, is being closely watched by business men concerned over the old-age problem.

The plan is contributory, employees paying in 3% of their incomes. It is optional for old employees, compulsory for new ones. Nine wage classifications range from $600 per year to $5,000 and over. For each year of service prior to introduction of the plan—six months or over counting as a year—the employee receives 1% of his income as a retirement fund. For each year of future service he receives 2%.

If he leaves the company before retirement age—65 for men, 60 for women—and before the completion of 10 years of service, he receives a paid-up annuity based on 100% of his monthly deposits, payable from normal retirement date. If he leaves after 10 years' service he will receive a paid-up annuity based on 100% of both company and individual deposits. Optionally, an employee leaving before retirement age can continue making payments to the Metropolitan Life Insurance Company, which administers the plan, thus having at retirement age an annuity on these plus that provided by the company plan.

THEY BUY FOR THE SOVIET

Saul Bron (left), for three years Chairman of Amtorg Trading Corporation (handling Russian-United States trade), sails soon for London to become Soviet trade representative to Great Britain. Peter Bogdanov, engineer, merchant, government official, takes his place in New York headquarters, where a $155,000,000 business was transacted in 1929

Travel ► **Too Many Cruise Ships For a Big Bear Winter**

LANGUID, lazy days 'neath azure skies (see any steamship folder) have as much appeal as ever for folk in the 'flu and blizzard belt but the current business languor has kept them home this year. A record number of ships came over to bear Americans on winter cruises. A decided slump in booking has smeared red on shipping companies' ledgers.

During the season of 1928-1929, market quotations were mounting. Everybody felt prosperous. Ships ran full. Profits were gratifying.

After such a season the inevitable happened. European shipping companies saw in the golden western glow an answer to the problem of wintering their ships. They would send more of them across.

Prosperous though it was, unseemly things had happened the year before. Offices which booked tours cancelled when it became evident that they wouldn't get enough passengers to make a profit. No such practice was to be permitted for 1929-1930. Agreements were signed binding the companies to go through with all cruises, regardless of bookings.

Came the slump. Mr. U. S. Tourist decided he'd better stay home and keep an eye on sales. The agreement forced the European shipping companies to go through with their full program nevertheless. This season there are 51 sailings of West Indies tour ships from New York and 4 from Philadelphia against last year's total of 42.

A liner that sailed last year with 312 passengers sailed last month with 203. This 33 1-3% loss is typical of most lines. Shipping men are a hardy generation and this situation finds them singing in the rain. It is alleged that it is better to run ships this way even if there is a loss. Most of them are steamers in the trans-Atlantic trade. Formerly many were laid up during the winter. Crews dispersed. Discipline became rusty. Ships deteriorate with idleness. Thus (say officials) it is better to run the ships even on tours that return a loss.

Analysis of 51 sailings shows but one American ship in the list; Great Britain, 9 ships; Holland, 3; Germany, 2; Sweden, 1; Italy, 1; Canada, 1.

Bookings for six 'round the world cruises have held up well. The decline here has been 25%. The ships fly the flags of England, Canada, Germany—no American. But the Dollar Line, American, circles the globe with a regular service. There were eighteen sailings this season on Mediterranean cruises.

American companies serving the West Indies with regular schedules resent the European invasion but don't see what they can do about it. A year ago the Ward Line (American) slashed rates when a Cunard ship was put on the Havana-New York run.

Last year the Furness Line (British) started a service from New York to South America with fine new ships. The Munson Line, American, retaliated by calling at Bermuda, which has been regarded as the particular domain of Furness and Royal Mail.

Keystone View Photo

MELVIN A. TRAYLOR

He lives in Chicago, is president of the First National Bank of that city, and is one of the two American organizers of the World Bank. He recently arrived on the Bremen from the Bank conferences

Aviation ► Seventy-five Firms Combine In Drive on Export Market

AIRPLANE manufacturers are making a combined attack on the export market. Seventy-five of them, including makers of planes, motors, parts, and every kind of equipment, have retained an exclusive airplane exporter to handle their overseas business. As their representative, Simmons Aircraft Division of Steel, Inc., with headquarters in Los Angeles, now furnishes a complete consultation and sales service to prospective buyers in Latin America, the Far East, and Africa. Ryan Aircraft, Travel Air, Alliance Aircraft, Bellanca Aircraft, Douglas Aircraft, Continental Motors, Firestone Rubber, Forged Steel Products, and the Radio-Victor Corporation are among the companies represented.

International Newsreel Photo

CARL G. FISHER

Seldom photographed, the famous promoter, original developer of Miami Beach, was finally cornered by a cameraman on the croquet grounds of his home

Simmons maintains permanent representatives in the Far East and Latin America; handles inquiries from governments and individuals interested in establishing air lines; gives advice on financing, equipment, routes, ports, personnel and operating costs; furnishes pilots and technicians when needed. Simmons pays its clients for planes and equipment when shipped, handles shipping, delivery, installation and payment through its own agents.

Thomas W. Simmons, president, finds the chief problems of selling aircraft overseas to be lack of air-consciousness, high delivered prices due to shipping costs and import duties, strenuous competition from European manufacturers. China ranks as the greatest potential aircraft market because of the great distances between large cities and the lack of other means of transportation. Central and South American countries have progressed further in air development and are important factors in the market. Air-mindedness is coming even to the Ethiopian. Already a 300-mile air line from Addis Ababa to the sea is planned.

Labor ► Mill Workers Plan Own Wage Cuts

WAGE reduction in a Southern cotton mill would appear to be a hazardous undertaking, in view of the recent labor flare-ups in the textile manufacturing field. But the Riverside & Dan River Cotton Mills of Danville, Virginia, the largest concern in the South, has just announced a wage cut of 10%, and there is no indication that it will be opposed by the company's 5,000 employees. In fact, the workers decided for themselves through the company's system of industrial democracy, that a reduction was to their best interest at this time. When the concern is again prosperous wages will be restored to the present level.

Industrial relations are so harmonious at the Riverside & Dan River plant that it is doubtful if any labor union, whether radical or conservative, could stir up trouble. For some 10 years the company has been paying considerably more than the prevailing Southern wage scale, reducing wages only slightly twice during this period. Rather than cut wages during the past year or so of over-production, the company operated part time. The employees will probably benefit under the new scale, as they will be able to work full time and will make more. The company, of which H. R. Fitzgerald is president, has consistently refused to operate its mills at night despite severe competition.

P. & A. Photo

HYDROGENATOR

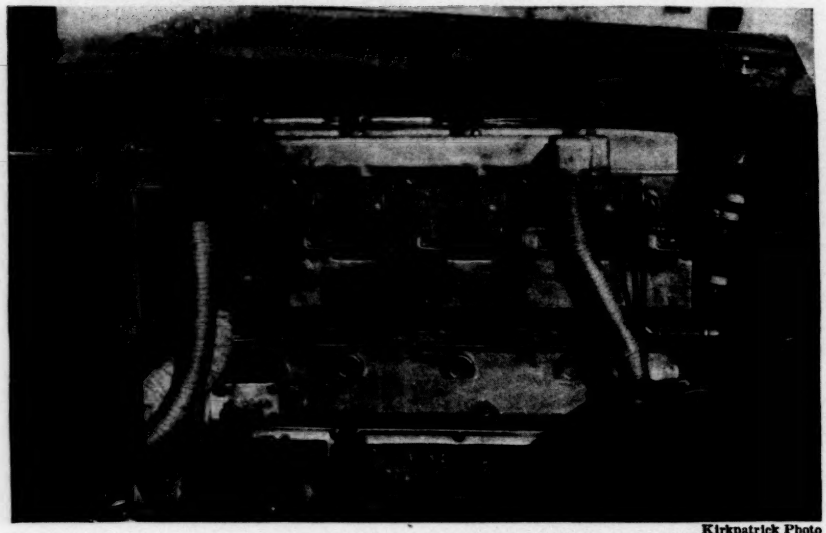
Friedrich C. R. Bergius, inventor of the process that "turns all the crude into gasoline"

Labor ► Strike to End the Sweatshop

APPROXIMATELY 35,000 dressmakers went on strike in New York City this week at the call of the International Ladies' Garment Workers Union to eliminate the sweatshop. Leading the strike is Benjamin Schlesinger, president of the union. Last July, Mr. Schlesinger led 30,000 cloakmakers in a successful strike to eliminate sweatshops in that branch of the industry and an impartial commission has been set up to prevent their return. He hopes to accomplish the same results for the dressmakers.

A five-day, 40-hour week at an average wage of $40 is the goal of the strikers. Affected by the strike are the Affiliated Dress Manufacturers, Inc., representing the majority of so-called "inside" manufacturers, or those who cut and make garments on their own premises and sell them to the trade; the contractors' group, the Dress Manufacturers of New York; and the jobbers' organization, the Wholesale Dress Manufacturers Association. Most members of the manufacturers' associations now operate union shops and are willing to make collective agreements with the union. Under the circumstances they are not happy over the prospect of a shutdown because of substandard shops.

No violence is expected and a long strike is not anticipated. Chief trouble, if any, may come from Communists who strongly oppose Mr. Schlesinger and his union.



Kirkpatrick Photo

26½ MILES TO A GALLON

But a gallon of fuel oil, at 4¾¢, instead of gasoline at 21¢. On 30 gallons of oil, at a total cost of $1.43, this Diesel engine, small marine type, drove an automobile 792 miles from Indianapolis to New York, through January snows. The test was part of a tour of 2,500 miles from Indianapolis to Atlantic City and return

Aviation ► **Oil Companies Share Air Survey**

EIGHT oil companies in California have completed the most extensive aerial survey for oil exploration yet attempted, mapping 2,200 square miles of mountainous terrain in Salinas Valley. Although competing companies have previously exchanged private surveys of certain areas, this is the first instance of cooperation on a large-scale mapping enterprise.

The cost of a survey is about $8 to $10 per square mile. Each company's expense was about one-tenth of what it would have cost to complete the job single-handed. General Petroleum Corporation, the Texas Company, Shell, Continental, Associated, Union, Richfield, and Western Gulf bore the expense of the project and will share in its findings.

Aerial survey is now an important phase of the oil geologist's work. During the past year more than 20,000 square miles have been photographed, mainly in California and Texas. The photographer must fly at a height of about 12,000 feet in parallel straight lines, taking a series of overlapping pictures which are later indexed and combined into a mosaic, a map, or both. These maps show all topographic details, give an idea of sub-surface conditions, enable field geologists to do their work much more accurately and completely.

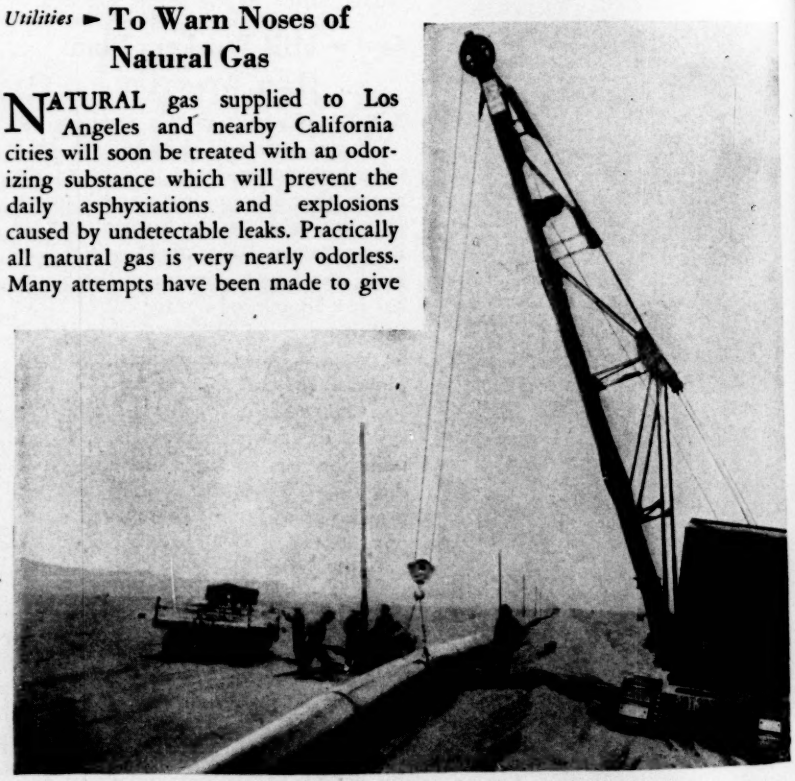
Beside their value in exploration for oil, aerial maps are now extensively used for locating pipe lines and roads, and for planning construction. Canada has already surveyed 300,000 square miles; has 650,000 negatives on file.

Utilities ► **To Warn Noses of Natural Gas**

NATURAL gas supplied to Los Angeles and nearby California cities will soon be treated with an odorizing substance which will prevent the daily asphyxiations and explosions caused by undetectable leaks. Practically all natural gas is very nearly odorless. Many attempts have been made to give it an odor; this is the first to be successful. With more and more cities turning from manufactured to natural gas, the discovery is extremely important to the safety of millions of consumers.

The odorizing substance was developed by the Standard Oil Company working in cooperation with Los Angeles Gas and Electric, Southern California Gas, and Southern Counties Gas, the three companies supplying natural gas to southern California cities. Tests made in Los Angeles mains have proved its use to be practicable, but a campaign of public education will be necessary to overcome the prejudice of consumers against a gas that smells, even when the smell means their safety.

The odorizer, a sulphur compound known as methyl mercaptan, is a highly volatile liquid obtained as a by-product of the cracking process in refining gasoline. It will be injected into the mains at high-pressure either at the source of supply, the oil fields, or at the holder tanks. In addition to its safety features, odorized gas will have more efficient consumption because defects in gas appliances will be detected and repaired. The gas companies expect to absorb the heavy costs of supplying the odorizer; no increase in rates is contemplated.



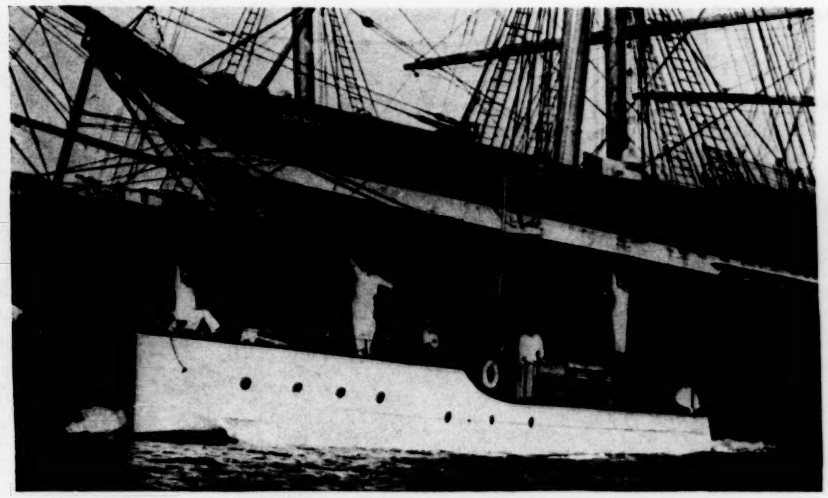
COAL DEALER'S NIGHTMARE

How natural gas pipe lines are laid. This one is in southern California. One-mile lengths welded into one piece are lowered into trenches by traveling cranes

Distribution ► **Pick up Pins on Labelling Habits**

PIN manufacturers and importers are to discuss trade practices with the Federal Trade Commission. Misleading labelling is declared to be "materially harmful to manufacturers, dealers and consumers."

The promoters of the conference believe it to be an unfair trade practice to sell iron and steel pins unless the boxes or papers are plainly marked either "steel" or "adamantine", or to mark containers of iron or steel pins with the words "Bank", "Dressmakers", "Silks", "Satin", "Voile", or "Chiffon", or similar words indicating to the consumers that such pins are rustproof or suitable for use in the fabrics named. In many cases, rusting of pins causes severe damage to papers or fabrics. Consumers, the applicants maintain, should be able to ascertain from the label whether pins are made from brass, or from steel.

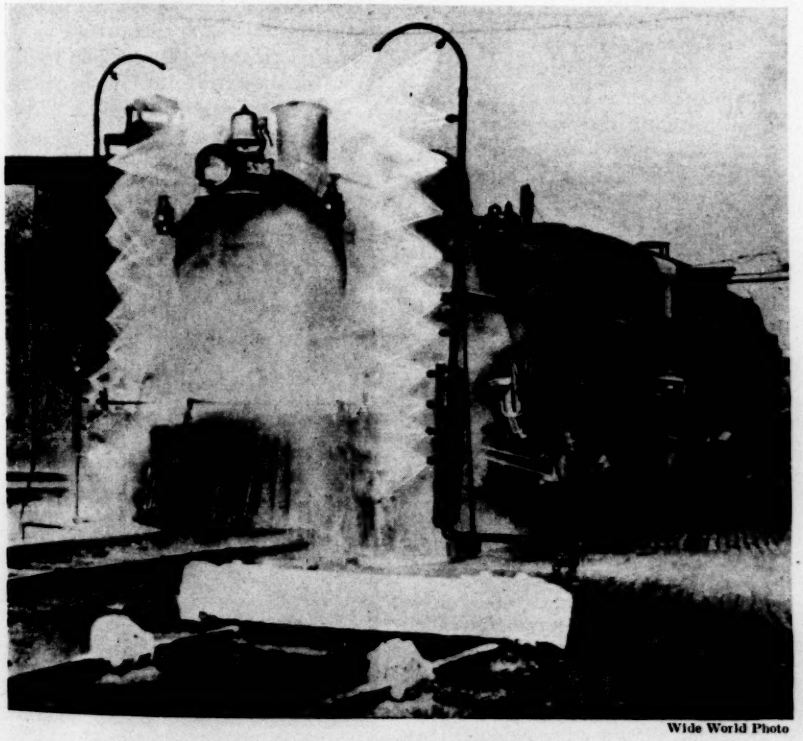


BUILT WITHOUT A HAMMER

America's first rivetless, all-electric-welded ship. This 56-foot Diesel yacht was built for two Los Angeles business men by Welded Steel Shipbuilders, Inc. Buckling, chief difficulty in welding hull plates, was overcome by a new process

Production ► **Foundrymen Attend University**

THIS week the Department of Mining and Metallurgy of the University of Wisconsin holds its fourth annual short winter course for foundrymen. For three days foundrymen, in a calm scholastic atmosphere, will consider general foundry problems. The University faculty directs the work but classes are in the form of round table discussions led by men in industry who are authorities.



Wide World Photo

A RAILROAD SHOWER BATH

An automatic machine, on the D. & H. at Wilkesbarre, Pa., which does the work of eight men and washes a moving locomotive in thirty seconds, instead of the twenty-five minutes formerly required. The engine automatically starts the spray, which stops after the locomotive has passed

Building ► **Austin Co. Offers To Weld Buildings**

THE Austin Company of Cleveland announces that hereafter it will erect buildings by riveting or by welding at the owner's option. Welding has been used in a number of isolated cases of building construction, but largely as an experiment. Now it is put on the same practical commercial basis as riveting.

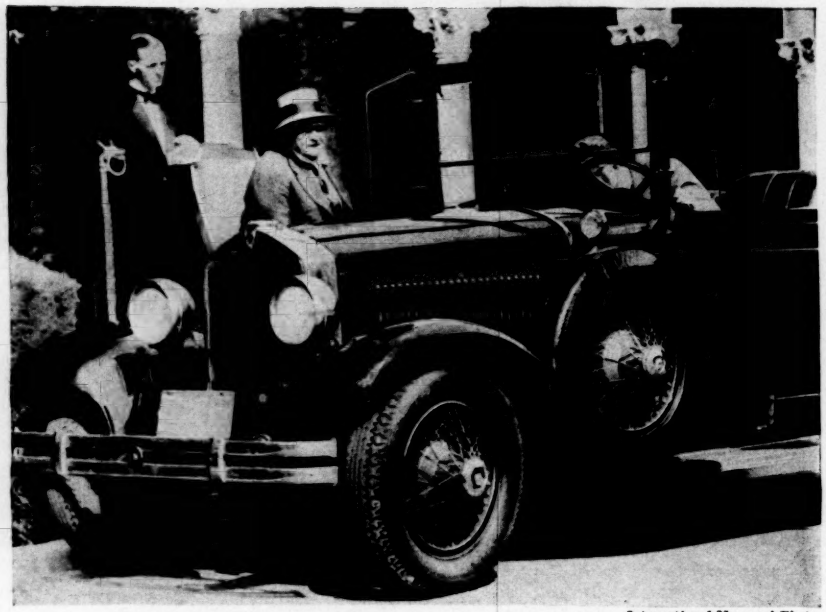
The Austin Company has made extended tests of welded construction. Its noiselessness, compared with riveting, is a particularly important factor in city construction.

Railroads ► **Car Service Was 99.99% Perfect**

THE railroads rendered approximately perfect service in furnishing freight cars to shippers in 1929. In exact figures, 99.99% of the cars demanded by shippers were on hand at the time and place wanted. In 1923, service was only 82.37% perfect; in 1928, 99.97%. During the 8 weeks from the end of October to December 22 there was not a single failure in furnishing shippers with all cars needed.

The record is remarkable in view of the fact that there are 2,500,000 freight cars in service.

Reasons for the record: improvements in facilities and operation. Cooperation of the Regional Shippers' Advisory Boards which meet quarterly throughout the country, confer with railroad representatives, and furnish a basis for working out freight car schedules.



International Newsreel Photo

GASOLINE-ELECTRIC CAR—NEW STYLE

It is owned by Col. E. H. R. Green of Miami Beach, Florida, son of the famous Hetty Green. The machine has but two speeds, the annoyances of clutch and brake are eliminated, and the power plant is a gasoline engine and a dynamo which supplies current to an electric motor that turns the rear wheels

Shipping ► **Spain to Merge Steamship Lines**

European Bureau The Business Week

THE merger has come to the Spanish merchant marine. Pushed into ever stiffer competition by the new "luxury fever" of North Atlantic steamship lines and a determination to capitalize on a common language and cultural background in the South American trade, the Spanish government is negotiating the merger of all its major steamship services. So general is the ambition, a change in government is likely to cause no more than a brief delay in plans.

The plan, already under way, will merge steamship services between Spanish, transatlantic, transpacific, Mediterranean, and colonial ports. Profits will be divided, 25% going to the concessionaire, and 75% to the government. Bidders must be Spanish nationals, the capital domestic, and stock certificates are not transferable to foreigners. Ships, to replace obsolete tonnage, will be built at home on an annual subsidy not to exceed approximately $3,900,000.

Utilities ► **Loan Starts Rumor Of World Trust**

European Bureau The Business Week

SIEMENS & HALSKE stocks broke sharply on the Berlin Exchange when the announcement of the floating of a loan of $14,000,000 through Dillon, Read & Co. was confirmed by authorities. This loan is the first of a larger flotation expected to total $32,500,000, and at first was considered in Germany as prejudicial to existing stockholders.

Only temporarily were stocks affected. Following close on the announcement came rumors that General Electric, with the consent of Siemens, is participating in the American issue. Recovery was prompt, spread to other electric stocks.

By some authorities this new move is considered a cornerstone for a possible world electric trust which would tie up General Electric-AEG with the Siemens-Westinghouse interests.

Finance ► **Bond Market Weak Without Bank Aid**

WEAKNESS of buying by the banks is held largely responsible for the present weakness of the bond market. After loading up last fall, Reserve system member banks cut their investments in all securities except those of the government by $114,000,000 from the December 31 peak of $2,921,000,000.

The banks have given government securities but slightly more support. They invested heavily during the first two weeks of this year but, since then, their holdings have remained virtually unchanged at just above $2,700,000,000. Their funds have gone into reducing indebtedness to the Federal Reserve, now at $193,000,000, the lowest figure in several years.

Banks and private investors alike are doubtful of a long continuance of the easy-money period. They remember 1927 when the Reserve made money artificially easy, bonds looked desirable, the bond market prospered—whereupon the tide suddenly turned, money rates tightened and bondholders found themselves in a highly unfavorable position.

Railroads ► **Commission Asks A Clear Field**

TO remove all obstacles in the way of its own consolidation plan, the Interstate Commerce Commission this week asked railroads to withdraw earlier consolidation schemes.

Carriers must now either ask that the Commission hold hearings on the plans they proposed a year ago or state whether they intend to place new applications more in accordance with the I. C. C. plan. Should any of the carriers ask hearings, the Commission will have to proceed with the original intentions, and impending moves will clearly indicate whether the I. C. C. plan, as a whole, is to be contested. The Baltimore & Ohio is now preparing a revised plan for I. C. C. it is reported. Nothing will be done, however, until the Commission acts on the road's pending applications for authority to acquire the Buffalo, Rochester & Pittsburgh and the Buffalo & Susquehanna.

P. & A. Photo

BACK TO WASHINGTON

Lyman D. Wilbur, Secretary of the Interior, and Mrs. Wilbur, returned to Washington a few days ago from oil and gas conservation conferences

Labor ► Better Management Saves Older Workers

UNFITNESS of workers in middle age is not due primarily to advancing years. Instead, it is largely the result of industry's failure to apply scientific management. If the power to learn new tasks is continually exercised, it remains unimpaired. Modern management simply does not provide the means for the necessary exercise.

So, at least, thinks Elliott Dunlap Smith of Yale University, who propounded his theory at the Personnel Conference of the American Management Association, held in Cleveland last week. He pointed out that wherever there is continuity of development in industry the older workers hold their own, but that when development is sporadic and changes abrupt, workers are prone to become unfit, while abrupt changes indicate a lack of efficient management.

J. P. Jordan, of Stevenson, Harrison & Jordan, took much the same line of argument. He said that, so far as executives are concerned, age is not a deterrent to employment and performance; is, in many cases, a positive advantage. Much of the difficulty of obtaining employment he placed upon the shoulders of middle-aged men themselves. He believes that being "too old" is often a state of mind, or a false physical condition brought about by the individual. Years and technical changes affect the employment of executives only as they fail to produce.

A comprehensive training program designed to keep the minds of employees active and open to new ideas was recommended by J. C. Clark of the Equitable Life Assurance Society. He expressed the opinion that such a program would not only make them more useful but would considerably extend their periods of usefulness.

Dr. D. D. Lescohier, of the University of Wisconsin, quoted Carl Snyder as saying that periods of technological improvement and of labor displacement have also been periods of industrial expansion. Dr. Lescohier developed this idea into the theory that such labor displacements may be of importance as a means of redistributing population and providing labor supplies for new or rapidly growing industries.

Data of age limits obtained from firms employing more than 3,000,000 workers were reported by Murray W. Latimer, Industrial Relations Counselors, Inc. In 42% of the companies, employing 26% of the total number of workers, there was no age limit. In 40%, employing 61%, all persons over a certain age were refused employment. In 18%, employing 13%, there was no age limit, but pensions were not granted to persons hired after a certain age.

If the efficiency of workers in middle age is dependent upon management policies, a considerable proportion of the concerns queried have apparently failed to recognize their responsibilities. Despite all theories, the percentage of middle-aged men unable to find employment is not diminishing, and the effect of their lessened buying power may well become a serious menace to commerce and industry. Management has talked a lot, and made many complicated motions, but little of value had emerged.

International Newsreel Photo

NATHAN STRAUS

The New York philanthropist, famous for the free distribution of milk, recently celebrated his 82nd birthday. He hopes to reach 100

Keystone View Photo

COTTON CHAMPION

J. Wilson Alexander, of Cornelius, N. C., won the title, so far as North Carolina is concerned, by raising 12 bales on 5 acres, in Mecklenburg County. His average cost was less than 5 cents a pound

Finance ► Fewer Failures In Northwest

THERE were fewer bank failures in 1929 in the Northwest than in any year since 1922, and fewer business failures than since 1920.

The number of failures in the district including Minnesota, North Dakota, South Dakota and Montana has been declining for the past three years. Northern Wisconsin and Northern Michigan, which are in the Ninth Federal Reserve district, are not included in the district report on failures.

There were 84 bank failures, a reduction of 10 from 1928. There were 213 fewer business failures.

Farmers in Minnesota, North Dakota, Wisconsin and Michigan steadily improved their financial position in the past year, the annual report of the Federal Land Bank of St. Paul indicates.

The number of farms sold in 1929 was 37% greater than in 1928. Delinquencies on farm mortgage interest payments dropped 7% and foreclosures decreased by 20%. Average prices per acre on sales were higher by 12%.

"Each month during the year," commented H. F. Klawon, president, "the number and amount of delinquent instalments was substantially below the corresponding periods of the preceding year.

"Farms sold in 1929 totalled 412 compared with 300 in 1928. These 412 farms embraced 71,187 acres and sold for $1,820,448, an average of $25.57 an acre. At the end of the year there was shown a decrease of 12% in the number of sheriff's foreclosure certificates held by the bank."

Labor ► **Ford Wages Worry European Neighbors**

EUROPEAN workers are glad to have the Ford Motor Company establish plants in their communities, but foreign factory-owners are less enthusiastic.

In five of the seven centers covered by the League of Nations report on Ford activities in Europe, the company's employees, exclusive of service men hired by dealers, are so highly paid that local factories find it difficult to obtain men at the usual wage. In Cork, the 4,600 employees of the Ford plant are the highest paid in Ireland; in Manchester Ford employees are the highest paid in England. In Denmark, Sweden, and Finland, Ford pays double the standard wage, and in Rome two to three times as much. Reports from Madrid and Paris give no comparison.

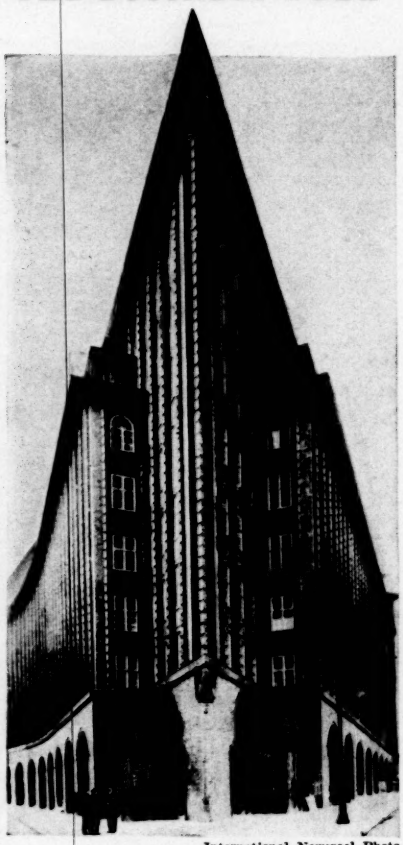
It would not be difficult to imagine the chagrin of American industrialists if their European competitors were to operate in this country and pay twice as much for workmen as usual. Fortunately, this has never happened. One of the largest of foreign concerns operating here, a British controlled company which manufactures some 50% of our rayon, pays, according to a recent statement in Congress, the lowest wages of almost any industry.

Distribution ► **Consolidation Plan Speeds Delivery**

WAREHOUSE and motor freight facilities in Indiana have been coordinated into a successful distribution system by Thomas Snyder, a veteran in the trucking business and former secretary of the National Association of Commercial Haulers. He has fused into one operating concern a cooperative chain of privately owned trucking companies, and another chain of privately owned warehouses.

From a central warehouse terminal in Indianapolis 25 motor freight lines radiate. Local trunk lines operate from 16 other warehouse terminals, in key distribution cities throughout the state. Trucks operate on schedule, the main runs from Indianapolis being made at night and from the outlying terminals in the morning. Thus through shipments are transferred with minimum delay.

The system has made possible overnight store door delivery to 350 cities, towns, and villages. A small-town grocer can phone to Indianapolis for a few cans of coffee, and have them at his door the next morning. Manufacturers and large distributors also use the system to consign full carloads of merchandise to local distributing organizations. A large oil company obtains distribution of its lubricating oil at a flat rate per drum for the entire state.



International Newsreel Photo

SHIP SHAPE

Fritz Hoger, architect of Hamburg, Germany, was commissioned to design a building shaped like a ship, and produced this. It cost $750,000, and is an eight story clinic and office structure

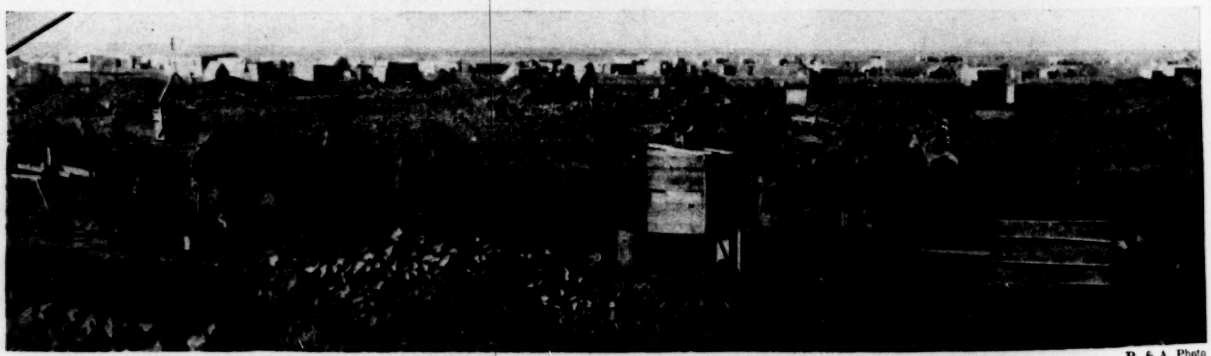
Distribution ► **Why the Blueprint Industry Is Blue**

SMALL orders and free delivery are making serious drains on the blueprint business; wastage of paper because of odd shapes of prints amounts to a large though reducible loss.

According to figures reported by the Department of Commerce all blueprint orders of less than 75 cents show a loss. Few orders under $1 pay. Apparently, if free delivery service is to be maintained, the minimum charge should be $1. Other possibilities would be, to charge for delivery on all orders of less than $1, or to refuse delivery service entirely for such orders.

Few users of blueprints would object to a $1 minimum after such official recognition of the unprofitableness of smaller orders, provided most of the industry adopts $1 as the lowest on the schedule including complete service.

The facts regarding photocopy orders are similar to those of the blueprints. Figures on the sale of accessories show very inefficient merchandising. The stock turnover average of concerns in 8 important cities is reported to be 2.2 times, ranging from 1½ to 8⅔. Returns on merchandise range from a net loss of 3.91% to a net profit of 25%.



P. & A. Photo

PICKING DIAMONDS LIKE PEBBLES

The precious stones occur very near the surface in the new fields near Lichtenburg, Transvaal, South Africa, scene of the world's greatest and most recent strike. To prevent the diamonds flooding the market, they are mined under strict government regulation

Distribution ►

Gillette Changes Razors To Win Back Blade Market

WITH thunderous whispers the Gillette Safety Razor Company is building interest for the unveiling of a new model. The selling campaign is bold to the point of audacity. Razor and blade differ radically from their predecessors. The company has abandoned completely the old blade which sold by the billions. No more will be made. If other blade makers—who have caused some trouble—wish to continue production of the old model, they are welcome to do so. Gillette sales strategists have such confidence in the new blade that they are convinced shavers will switch to the improved design.

In this country alone some 40,000,000 males scrape their morning faces with Gillette razors. It will be impossible to supply immediately new razors in sufficient quantities to retire the old ones. Injustice and ill-will would result if these customers were left without supplies of blades. Therefore, the new blades are designed so that they can be used in the old-style razor. But the new razor will not take the old blades.

Both blades and razor are protected by fresh patents. Prices will be the same as before. The razor will sell from $1.00 up. Even the cheapest model will have the lure of gold plate. Blades will sell nominally for $1.00 per package of ten. That is the price marked on the present package, which sells as low as 69 cents.

While in form and complexion the new razor will look like the old, it is merely a family resemblance. Great changes have been made. Most benign of the improvements is an arrangement by which the razor and blade can be cleaned without taking the implement apart. A simple twist of the handle disengages the blade from its guard. Run hot water through it and the razor can be laid aside until next used. The water dries without affecting the gold-plated holder; the blade is of rust-proof steel.

No arrangements for stropping have been made. You are expected to discard the blades since it is to the company's advantage to sell as many blades as possible.

Above are the only details now being released for publication. Portraits of blades and razors are being jealously guarded. All particulars will be broadcast to the public through advertisements early in March. First will be advertisements in the *Saturday Evening Post*, dated March 8, available March 6.

Gillette's plans ought to be heartening to other concerns which have been hesitating between attack and intrenchment. Its advertising appropriation for the coming year is one of the heaviest in the history of merchandising. Ten million dollars will be spent, practically all of it in magazines and newspapers. Of this, $7,500,000 will be used in the United States; $2,500,000 in other countries.

Advertisements will appear in practically every foreign land. The one exception is Russia, famed for its whiskers. Gillette representatives are negotiating with Soviet officials and it is likely that the Russian campaign will turn up something spectacular. China and Japan are to be well covered.

The unveiling of the new Gillette has been admirably dramatized. On January 6, the plant in Boston made the last of the old models. Total sales of this discontinued generation could be judged by the serial numbers. The razor was No. 115,272,539; the blade, No. 5,318,436,976. Police and private guards protected the meeting of sales forces held at that time. Full disclosure and instruction were given to the selling staff which has been working with the new model ever since. Distribution from the factory starts February 15.

King C. Gillette, president of the company, was enjoying his seventy-fifth birthday in Singapore while the Boston pow-wow was in progress. He has been inactive for the last ten years. Gillette's picture on the blade jackets has made his face one of the three best known of all the world's inhabitants. The other two are Henry Ford and the Prince of Wales.

The present head man and high-strategist is Frank J. Fahey, vice-president and general manager. He and his lieutenants worked out the new model. Contrary to general belief, it is stated that it was not production by other companies of blades which they called "Gillettes" which led to the change. This competition is said to have made but a minute dent in Gillette's business. The reason given is complaints against the old blades. Research disclosed the weaknesses and the new designs eliminate them.

P. & A. Photo

SIXTY-SIX

In honor of his sixty-sixth birthday, C. W. Nash, president of the Nash Motor Company, turns cake-eater. His friends gave him a banquet in Chicago

Marketing ►

Home Furnishers to Study Tastes

WHAT does Mrs. Jones's home look like? What does she wish it looked like? A group of the country's leading house furnishings manufacturers are going to find out. Then they will know what Mrs. Jones is likely to buy in the future.

Miss M. Elizabeth Stuart will make the study. The participating manufacturers are: The Simmons Co. (including Berkey & Gay and the B. F. Huntley Furniture Co., recently acquired by the Simmons Co.); The Bigelow-Sanford Carpet Co., Inc.; Richard E. Thibaut, Inc.; Sidney Blumenthal & Co., Inc.; Matthew W. Ryan Sons & Co., Inc.; The Bates Mfg. Co.; and the Utica Steam & Mohawk Valley Cotton Mills.

The program calls for a fact-gathering schedule of six months, covering 12 typical communities in various parts of the country. Miss Stuart is starting her survey in Syracuse, N. Y. She indicated the thought behind this study to THE BUSINESS WEEK: "The coordination of the products of the leading manufacturers in each home furnishings group will not only simplify the buying problem of the retail stores but will make it much easier for the consumer to assemble a room in good taste."

Finance ► # New York Joins Foreign Banks in Rate Cut

BUSINESS considerations, rather than financial ones, brought a reduction of the New York Federal Reserve Bank discount rate to 4% from 4½% this week. From the same motive, the Bank of England reduced its rate to 4½% from 5%. The Bank of Germany made the second reduction in this year, to 6% from 6½%.

Establishment of the 4% rate in New York virtually assures cheaper discount rates in other regions. Five Reserve banks—Cleveland, Richmond, Dallas, St. Louis and Minneapolis—had 5% discount rates when New York went to 4%. Richmond immediately reduced to 4½%. While a rate differential of ½% often exists between districts, the 1% differential is highly unlikely to continue for any length of time. The remaining banks charge 4½% and some, if not all of them, may go to 4% soon.

Open market rates for money eased this week in accordance with the downward revision. In the acceptance market, a brisk demand for bills and the expectation of a lower discount rate brought two reductions of ⅛% each. Call money tended easier, though continuing at 4% to 4½%.

Large-scale reduction of Federal Reserve credit and of member bank indebtedness to the Federal Reserve since the first of the year further justified the step. Member bank borrowing is at the lowest point in several years. Total Reserve credit now is down close to $1,000,000,000—said by the Governor of the Federal Reserve Board himself to be a "normal" total. Member banks have likewise been gradually reducing their credit outstanding since the first of the year, although they have not liquidated to the extent of the Federal Reserve itself. The reduction in Reserve credit has brought the Reserve ratio to a high point and put the banks into a strong position.

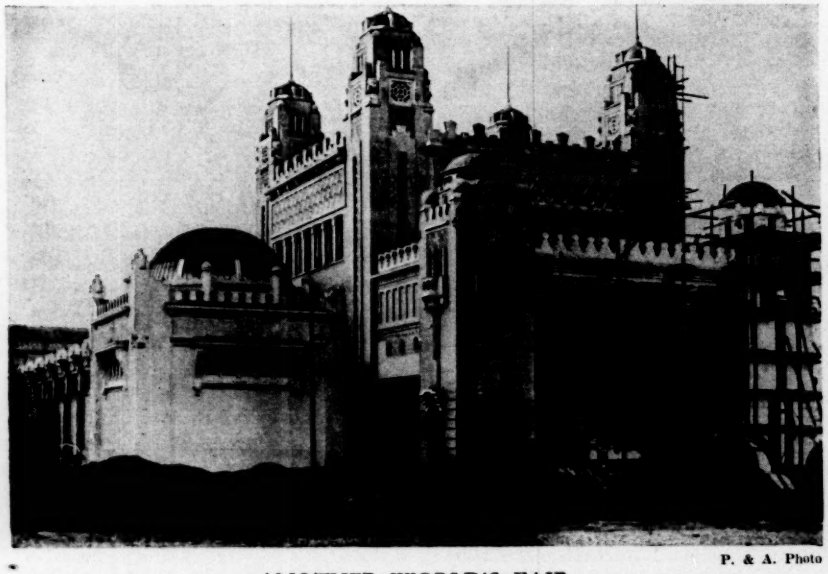
But the Reserve took its step with considerable hesitancy. The Washington Board has not forgotten the criticism heaped upon it for extreme easing of money in 1927. Also, technical considerations do not point unanimously to the wisdom of a rate cut. Open market rates would have to be reduced more before that became the case. And the Reserve was afraid of offering stimulation to the stock market, already buoyant.

The permanency of the 4% rate is open to question. This also contributed to the Board's reluctance to change. Reserve officials are still averse to making the rate very elastic or susceptible to frequent change. Spring trade demands for credit may send rates higher.

The Federal Reserve probably will proceed cautiously now that the rate has been lowered. Usually with a rate reduction, funds are "pumped" into the open market by acceptance and security purchases. But the Reserve is not likely to take such action now.

The Bank of England reduction, expected for some time, helped influence the Federal Reserve action. That institution also based its action primarily on the desire to help business. Its gold reserves have been restocked since the stock market crash here, but, even so, are only very slightly above the £150,000,000 normally regarded as minimum. A few weeks ago it was expected that the bank would get considerable gold from New York. But exchange rates changed suddenly and unseasonably and the gold flow stopped sharply. At the same time, France and Germany began a drain on the Bank's gold, and hopes for a rate reduction were dimmed for a time. But France became alarmed at the size of its huge gold stock and feared inflation. Financiers and the government are interested in making Paris a financial center. Last week the Bank of France rate went down to 3%, removing danger of a drain of British gold to Paris.

German credit conditions are still threatening and the Reichsbank is trying to do all it can to help. Gold supplies are satisfactory. In January, the Reichsbank reduced its rate to 6½% from 7%. Again this week, it reduced to 6% from 6½%. This eliminated the other imminent danger to British gold, cleared away the doubt in the minds of the British bank directors, who reduced their rate, and stimulated New York to action.



P. & A. Photo

ANOTHER WORLD'S FAIR

It will be opened by the Belgian Royal Family in Antwerp on April 26. Most of the nations of the world will be represented by exhibits. The Congo Pavilion is one of the most striking of the Fair's buildings

Automotive ► ## Berlin Refuses to Fix Quotas

By Special Cable to The Business Week

BOTH good and bad news emerges from the European automobile situation this week. The European Bureau of THE BUSINESS WEEK reports that the German Government has definitely refused to consider the contingent quota proposal made by the association of European automobile interests. This halts for the time being any cooperative action against American automobiles.

But France seems likely to place into effect the increased tariff measures now before Parliament. It is reported that Ford is already carrying on negotiations with Citroën looking toward the sale of the Ford plant at Asnières should the increased automotive parts tariff be passed. Some label the report a warning to the French legislators of the immediate results of enactment of the higher tariffs.

Action on the bills has been postponed until a committee of French dealers in American cars can be heard. Final action on both the parts and complete vehicle tariffs is expected this month.

What the Figures Show

THE latest week's figures show continued improvement in basic industrial activity, in strong contrast to somewhat pronounced weakness in general trade and in prices. Steel production is practically the only indicator that reveals any marked change for the better. It is clear that general business recovery is not proceeding as rapidly as had been expected some weeks ago.

STEEL ingot production estimates, which are now appearing somewhat earlier in the week than heretofore, show a further marked gain of over 4%, the reported average for the industry rising from 74% of capacity in the last preceding week to 77% in the latest week, as compared with 85% a year ago. The Steel Corporation is said to be running at 80% of capacity compared with 77% in the previous week and 88% last year. Independents are reported at 73% compared with 78% in the preceding week and 83% a year ago.

These figures would indicate that steel ingot production had recovered nearly all the loss sustained since the end of October and is almost twice as high as it was at the low point in December. There is more marked difference among the districts. Chicago district operations are reported at about 88% of capacity, which is expected to make further increases in February somewhat slower. The week-to-week increases in the Pittsburgh district are becoming smaller. Aside from railroad and structural steel work the sources of increased demand are not clear. Structural steel awards for the latest week were still running high, somewhat above 50,000 tons. Some slackening in automotive demand is reported, particularly in sheets, but scrap steel prices are somewhat stronger, after weakening the preceding week.

THE January pig iron production figures show the smallest output of any month since 1927 and the smallest January since 1922. But it is clear that the decline in the daily rate since the middle of 1929 has been halted, and the daily average has not fallen to the low level reached in earlier recessions. It is encouraging that sixteen new blast furnaces were put in during January.

The level of general building contracts tends to sag, but the daily average rate during January was about 2% above that in December. Heavy construction figures are considerably down.

The sustained high rate of bituminous coal production is noteworthy. Petroleum production, however, is declining.

THE week was a bad one for commodity prices. Farm products were particularly weak and in some cases reached new low levels for the past year. The wheat average fell about three cents below a year ago, and cotton somewhat more. These declines were due not only to continued slackness in domestic and foreign demand but to acute disturbance and confusion in commodity markets in connection with Farm Board policies.

In contrast to agricultural products the iron and steel composite held steady. No change in the copper price has yet

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	77	74	85
Building Contracts (F. W. Dodge, daily average in thousands, four weeks basis)	¶‡$12,219	‡$12,887	‡$16,323
Bituminous Coal (daily average, 1,000 tons)	* 1,948	‡ 1,778	1,962
Petroleum (daily average, 1,000 bbls.)	2,595	2,616	2,680
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	144	141	154
Check Payments (outside N. Y. City, millions)	$ 5,004	$ 5,637	$ 5,855
Wheat Receipts (1,000 bushels)	3,216	4,124	5,713
Cotton Receipts (1,000 bales)	168	163	245
Cattle Receipts (1,000 head)	* 158	‡ 157	157
Hog Receipts (1,000 head)	* 808	‡ 731	654
Wool Receipts (1,000 lbs.)	4,412	1,971	4,750
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.14	$ 1.18	$ 1.17
Cotton (middling, New York, lb.)	$ .167	$ .174	$ .200
Iron and Steel (composite, ton)	$35.24	$35.24	$36.25
Copper (electrolytic, lb.)	$ .178	$ .178	$ .168
All Commodities (Fisher's Index, 1926-100)	93.3	93.7	97.7
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,662	$16,688	$16,121
Commercial Loans, Federal Reserve member banks (millions)	$ 8,995	$ 8,974	$ 8,675
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,402	$ 3,345	$ 5,669
Federal Reserve System Ratio	78.0	78.3	69.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	18,927	14,468	25,539
Stock Prices (N. Y. Times, average 50 stocks)	$216.31	$209.40	$245.33
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$49,383	$42,990	$55,064
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.75	$ 93.80	$ 95.86
Interest Rates—Call Loans (daily average)	4.4%	4.5%	6.6%
Interest Rates—Time Loans (daily average)	4½-4¾%	4¾%	7½-7¾%
Business Failures (Dun, number)	545	644	541

¶ New Series ‡ Revised * Preliminary

occurred, pending release of January figures, but demand has sharply improved. The Fisher all-commodity index fell 4 points and the National Fertilizer Association index also declined. General commodity price levels at the beginning of the month were close to those early in 1922, at the end of the post-war depression.

THE trade slackness reflected in commodity price declines is also shown in freight movement and money turnover indicators. Total carloadings were smallest for the period in any year since 1922, but they rose slightly for the week, due principally to increased movement of coal. Non-bulk carloadings have declined for two successive weeks, somewhat in contrast to the usual rising movement at this period.

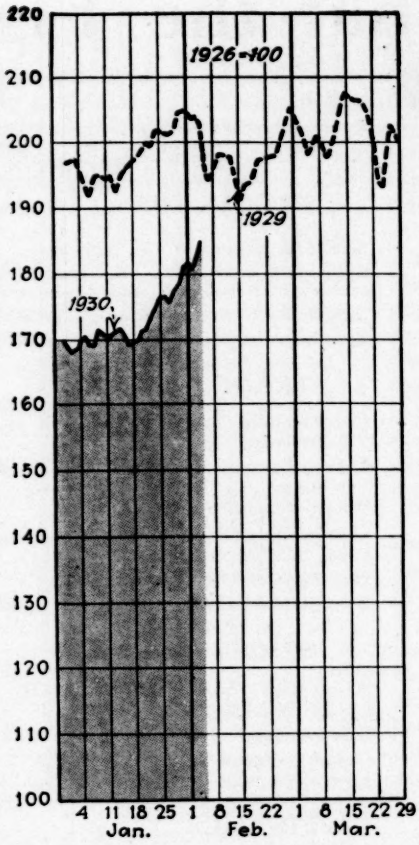
Bank debits are at a comparatively low level, the total in 131 cities outside stock trading centers being over 10% below last year and also below the 1928 level. Commercial loans of Federal Reserve member banks have risen slightly and are over $300 millions higher than a year ago.

Commercial failures for the latest week dropped considerably and are about at last year's level.

Money and the Market

STOCK prices spent the week on new high ground—the highest since the crash. "Nothing breeds speculators so rapidly as a rising market" the Street says. Strength was added, therefore, by presence of the averages in such territory. Students of the figures and statistics of the market derive much encouragement from this performance. Industrial, railroad and utility stock averages all joined in the movement.

Rise of the market to these levels has done much to dispel belief that there is considerable liquidation overhanging. Several well-informed bankers doubt that any large amount of this is to come. Yet a good many individuals and firms who have hung on grimly since the crash and secondary reaction are taking advantage of the few points profit now obtainable.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

The chief good news for Wall Street, other than that of its own action, came in the money market. Reduction of bank rates in New York, London and Berlin this week followed the Paris reduction of last week. Acceptance rates were twice reduced and there are signs of easing in other rates following the Federal Reserve reductions. (See Page 18.)

But Wall Street is watching the news closely. A February recession in stock prices has taken place so many times that the Street traditionally expects it. Historically, February is a bad stock market month. Several other facts support the more gloomy side of the picture.

Business news is quite spotty, with the steel and allied industries showing the only appreciable pickup from the recession. Earnings statements are coming in large numbers and most of them tend to cloud the prospect. The very considerable slump in agricultural prices is a pessimistic influence in many directions. Some take the view that the market has gone well ahead of business in the recovery.

The same school of thought points to the very considerable recovery the market has shown as justifying in itself at least a technical reaction. Since the low point reached on secondary reaction in December, the averages have made a net gain in prices of more than 20%.

Such conflicting factors are confusing. The market has definitely staged a slow but firm recovery for several weeks and prices have crept into new high ground since the panic. Such liquidation as there has been thus far has been absorbed on the way up. Such pessimistic news as has come has been overbalanced by the good news at least in the view of those who are buying stocks. The actual market future is probably more beclouded than in some time, although reduction of the New York discount rate is a strong factor for continued strength in the immediate future.

Brokers' loans increased $57,000,000 to total $3,402,000,000 in the week. This is the first sizeable increase in several weeks. Non-banking loans decreased sharply while loans both by New York and out-of-town banks went up.

The Federal Reserve position was little changed, the ratio being 78% as compared with 78.3% last week. Sharp increase in the amount of acceptances held by the Reserve was the most important development. This total increased to $295,791,000 from $258,472,000 last week. There are, as yet, no indications as to whether the Reserve means to follow this move with even larger holdings of bills or not.

Member bank borrowings continued to decrease, dropping to $381,422,000 from $406,941,000 last week. The total is at the lowest in some years. The decrease has been from a total approaching $1,000,000,000 a few weeks ago.

Reduction of member bank credit continued, but was much less sharp. Total loans and investments decreased by $46,000,000 and now total $22,191,000,000. The reduction took place jointly in security loans and investments, as "all other" loans increased slightly.

Unemployment Yeas and Nays

FINAL government figures of employment in January for the whole country will be noted with special interest when they appear in two weeks or so because of the difference of opinion between certain Federal and state public officials regarding their trend. The Federal government has been trying to observe the course of employment more closely than heretofore by collecting figures weekly, on the sampling principle, securing reports from a smaller number of representative plants than are included in its regular monthly compilations.

The latest statement of the Department of Labor reported an increase of 3.4% in the number of employed in over 8,000 establishments in the week ended January 6 as compared with the number employed on December 30. A further increase of 3.4% was noted for the week ended January 13, and information from the iron and steel and automobile industries showed a further gain for the week ended January 20. It is not clear whether these increases are cumulative; but if they were, they would indicate that employment had increased nearly 7% in two weeks! These increases were found in all of the nine geographic divisions, and on January 13 there were only three or four industries in which employment had not increased over December 30.

Moderate increases in employment during the early weeks of January over the number employed on December 30 are not necessarily significant, since in the last days of December, between the Christmas and New Year holidays, employment is usually at the lowest level for the year because of plant shutdowns for inventory and repairs. At the end of 1929 employment was probably at an unusually low level in those days because of the general recession in industrial activity, and some increase in employment over the level on December 30 might normally be expected.

The real question is whether employment for the month of January as a whole will show an increase over December as a whole. If the final figures for the month do show such an increase —especially one of as much as 7%—it will deserve special proclamation and a public holiday.

The level of employment in January does not usually increase over that of December. In all but one of the past five years (1925) there has been a decrease in January as compared with December, amounting on the average to nearly 1%, while in February there has uniformly been an increase over January in each of the past five years.

Perhaps for that reason, the New York State Industrial Commissioner took issue with the Federal government statements so far as New York state was concerned, insisting that the state figures showed a decline in employment in January from December.

Since the state figures assembled could not have been more complete for the whole month than were the Federal figures at the time, the arguments on both sides were hardly convincing. As of January 30, however, the New York State Public Employment Service reports that employment conditions in January were less favorable than in the same month last year, judging by the labor supply and demand at public employment offices. The decline in building and general construction work is said to have resulted in a large surplus of unskilled laborers and caused decreases of employment in factories manufacturing building materials. Increases in employment were reported by firms making automobiles and parts, household electrical appliances, structural steel and machinery, as well as in the women's coat and suit trade and millinery. In many lines of manufacturing a decidedly favorable upward turn is reported in the last week of January, but in industries where tariff changes may affect prices of raw materials or finished goods, production is reported to be going on a hand-to-mouth basis until the tariff questions are settled.

The American Federation of Labor reports that unemployment in trade unions increased considerably in January as shown by returns from 24 cities, where 19% of union members were out of work in January as compared with 16% in December. The January report shows more out of work than in the worst month in the 1927 recession. In the building trades 38% of the union members were reported out of work, the largest proportion for January in the three years covered by the Federation's figures.

Another indication of the effect of business recession upon employment during December is seen in the figures issued by the Russell Sage Foundation showing that public and private charity organizations of 75 representative cities spent $3,476,900 to aid 145,350 families during December. This was an increase of 22% over the amount spent by the same agencies in November. The Foundation says that its figures indicate December expenditures were greater than for any previous month. Among the cities showing the greatest increase were Detroit, Akron, St. Louis and New Bedford.

January Business Mortality High

THE number of business failures during January, as reported by R. G. Dun & Co., was the largest for that month on record. The figures show 2,759 failures as compared with 2,037 in December and 2,535 last January. The nearest approach to these January figures was in January, 1922 when 2,723 failures were recorded.

The total liabilities involved in the failures that occurred during January were $61,185,171. This is below the figure of $67,465,114 for December but considerably above January, 1929 and the highest for any January on record with the exception of January, 1922, when total liabilities amounted to $73,800,000.

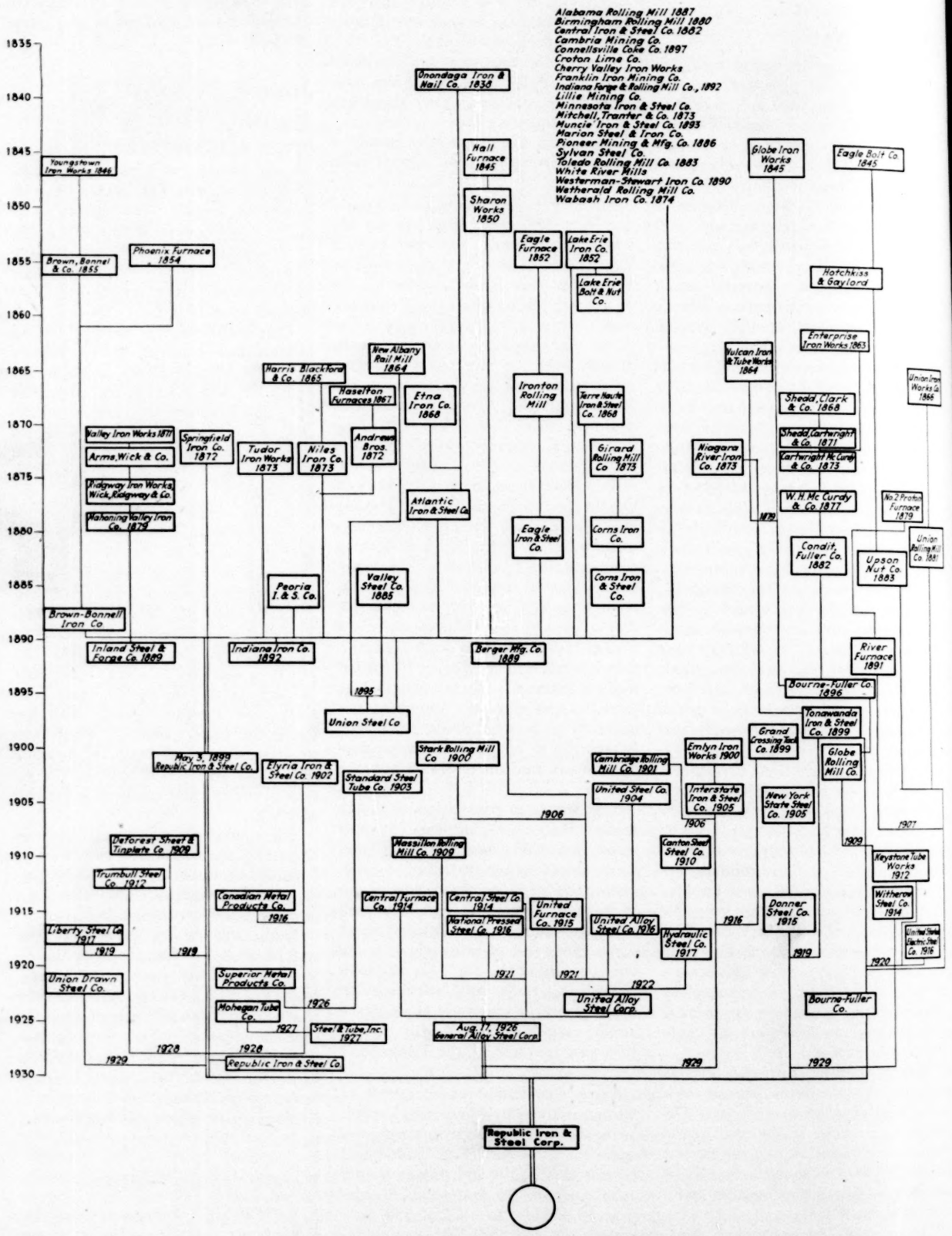
On the whole 1929 was not such a bad year in business mortality. The number of failures for the year, 22,909, showed a decrease of about 4% below 1928 and the amount of liabilities, $483,250,196, was 1.3% lower than in 1928. The ratio of the number of failures to the number of business concerns (2,212,779) was 1.04%, which is just about the average rate during the years since 1921, and somewhat lower than the figure for 1928 (1.08%), which was the largest rate of business mortality since 1922 and which reflected the results of the business recession at the end of 1927.

The number of failures and liabilities of trading organizations in 1929 showed a marked decrease, while both the number of failures and the liabilities involved in manufacturing concerns increased.

Bradstreet's figures show 314 bank and trust company suspensions during 1929, the smallest since 1920. The percentage of all banks suspending in 1929 was 1.24%. This was the smallest rate of bank mortality since 1922, but it is considerably larger than the Bradstreet figure for the rate of general business mortality, which was 0.93% in 1929—the largest rate of business failures since 1923.

Merger Slump Continues

NEWSPAPER reports indicate that merger makers are suffering unemployment. There were only seventeen mergers reported during December. The full record for 1929 shows about 493 mergers as compared with a total of 370 in 1928.



THE FAMILY TREE OF A STEEL MERGER

Few persons realize the complex genealogy of many a modern corporation. Eaton's new grouping represents scores of companies, gathered up during the years. Vertical lines trace continuous existence. Horizontal lines trace purchase or merger. Attached to names of companies are date of founding or of change in name

Steel's Empire Is Restless

Caesar is dead, and with him iron discipline. Lesser chiefs snatch for power and there are border raids on prices. The rough old spirit of fight, traditional with steel, again is stirring

SOMETIMES a triumvirate precedes a dictator, as Julius Caesar, Napoleon. Sometimes a triumvirate inherits the mantle of a dictator through sheer embarrassment as to a choice of shoulders for the purple. Then comes a sort of decomposition or loosening which is the opposite of the solidifying or tightening which took place when the dictator emerged from the original vague crowd whose united mass furnished his force.

In that small reproduction of history —politics in miniature—which is business, there is a striking case at hand. Our most classic industry—not to be confused with largest—is just now in a state of unused inquietude and hesitation about policy. The grand old banner of solidarity which it had flown higher than had any other business, flutters a little. It is just a little bit nervous. Indubitably some of the old discipline has gone out of the steel industry. Three Consuls, no one of them First Consul, have replaced Imperator.

Whatever the race of business statesmen may eventually come to think about the late great Elbert H. Gary (there are even now many opinions) it is already pretty evident that by one means or another for a period of well over a quarter-century he was, morally at least, the dictator of the steel industry of the United States. It was he who fitted it together out of private pieces into one Empire in the grand style which left, at inception, only about forty per cent of the then universe divided among a lot of infinitely smaller kingdoms. It was certainly he who weathered the first great storms which lashed it, out of indignant skies.

In reality the American Iron and Steel Institute ceased under his aegis to be an annual Waldorf banquet and became a virtual cartel. It was he who braved the Europeans at Brussels in 1911 and so put them in their internationally competitive places that only flirtings overseas, with no marriages, have characterized what came to be a permanent foreign policy in steel, a Gary Doctrine which has stood the test of time quite as firmly and proudly as that other American Doctrine which bears a President's name.

WHEN Judge Gary died there was no little floundering at 71 Broadway—appropriately named the Empire Building—about the succession. Where indeed could one lay hands on the equivalent of a prestige that had managed Morgan, handled Roosevelt, flattened out Schwab, and ousted the redoubtable Mr. Corey? The cohorts of management men, backed by armies of workers, were all for Mr. Farrell, despite the fact that he was only a salesman, not a steel master. The Baker interests from the First National Bank across the way, reputedly almost predominant in stock holdings, had their Mr. Taylor, a recent man, a career man in textiles, railroads, finance, but not in the historic and sacred metal. Obviously, in the interests of trade solidarity, internal discipline, stockholders' rights, and universal peace itself no friction could be afforded to delight the envious and rising competitor at Bethlehem nor to amuse a radical and ribald public of commoners. Mr. Morgan himself had to come to the rescue.

As a lordly if absentee Chairman of the Board he shed dignity and satisfied everybody except probably himself. As an able, silent, somewhat absentee Chairman of the Finance Committee, Mr. Taylor was equally admirable if less famous. Mr. Farrell stuck to his sales, where he was perfect. Executives of subsidiaries and heads of departments carried on (notably, and too often forgotten, the remarkable Mr. Filbert, comptroller of all the race of comptrollers). It looked as if the company could run itself, like some of the greater railroads, almost like the Post Office. Indeed the company was perfectly and completely equipped in every particular but one—it had no dictator.

NOW Bethlehem has a dictator. The charming suavity of Mr. Schwab is about all the public knows about him. And the public has little occasion to know about Mr. Grace. But the pair of them have a great deal more than smiles and handshakes and blandishments in their baggage. Bethlehem spurted like anything while Steel, Big Steel, didn't. If truth must out, it slipped, just a little, perhaps; that is, it ceased to grow while Bethlehem sprouted.

And that was not all. In addition to Bethlehem another dictator-driven steel outfit came out of the West with about the same tempo that marked the arrival on Imperial Rome of the Gallic and Teutonic barbarians out of the North. Cyrus Silas Eaton was doing right on the spot in Cleveland what Gary had had to come to New York to do. He was working even faster, by more modern processes; he was welding steel, not riveting as Gary had had to do, welding steel companies into a new trust which would perhaps challenge Bethlehem one day and perhaps by some far off miracle of succession even hold up its doubled head to Great Steel itself.

All too evidently the situation was not comfortable for the Triumvirate which had

taken over the succession of responsibility from a man who, whether wizard or stuffed shirt (he has been so called many times), whether magical statesman or press agent, had nevertheless somehow managed to keep everybody in line and still remain the biggest without any wars within the industry, nor with the Government, nor beyond the seas. It had been said that he was a lucky man, but perhaps he was a wise, a sagacious, one.

WHEN Great Steel struck out to grow by acquiring going steel concerns it encountered governmental difficulties, despite its slump from 60% to 40% of the nation's capacity. Above all it encountered interminable delays, which aided and abetted the enemy. It finally was allowed to buy one little plant on the Pacific Coast. Bethlehem countered instantly by buying two along the same golden strand, and without anybody's permission, for Bethlehem is no monopoly, not even a 40% monopoly.

Then Steel bought a cement company, Atlas. But that took delays, although it was throwing good money after bad, for its Universal was not a good proposition and needed pulling out of its rut. And Mr. Schwab hit the front page columns with a talented and temperamental oration to Baltimoreans, telling them of that greatest of the great in steel mills which he would shortly build on their languishing water-front.

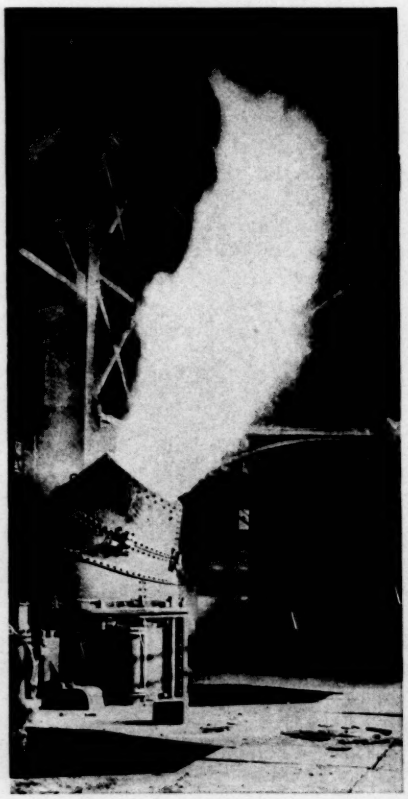
Then came the innings of the mysterious Mr. Eaton of Cleveland. His combine bore an ominous name—the Republic.

It might well become national, like the other Republic. Already it had assets of some three hundred and fifty odd millions. It had negotiators out on confab visit with all of the loose steel plants in the great Near-Middle-West, a half dozen of them. Also, at Chicago it was after Inland, bargaining with the difficult Blochs. Worse, it had its eyes on Gulf States Steel, down in Alabama, not so far from Steel's strongholds around Birmingham, was indeed reported to be hot after the Bowron family control.

This man Eaton was already hard conquest bent in two out of the three places in the United States where coal and ore are near each other in the earth —the Near-Mid-Western region and Alabama. There was only one other left, Colorado—dominated by Colorado Fuel & Iron, but that was all right. It was an ancient, and a strictly Rockefeller property. This upstart promoter wouldn't get past that door! Rockefeller stuff comes dear. Didn't Great Steel know? Hadn't old Morgan himself had to swallow his pride before Gary's warnings, go to see the man in all the world he liked least, and buy at an outrageous figure, higher than Gary would sanction on his own, the fabulous Northern ore properties? How the old John D. had taken it out of the mighty Morgan that day!

ONE of the fascinating smaller aspects of the steel business is the speed with which news travels through its invisible grape-vines. Nothing can happen in it anywhere without its being instantly and universally known throughout the trade. Perhaps the famous solidarity, esprit de corps, of steel men, from workers up, accounts for it. Or it may be a sort of divination which comes from long frequentation of the inferno of furnaces. In any case, the news that arrived the other day everywhere at once in every plant from Coasts to Lakes to Gulf was not less startling because it was only seconds, or at most hours, after the fact.

Hard-fisted Tom Girdler, he who never took off his plug hat, he who had just left as boss of Jones & Loughlin to be this Eaton man's new Chairman of Republic—old Tom had just arrived at Pueblo, Colorado, with a Pullman sleeper full of experts to appraise the Colorado Fuel & Iron. There was thirty years of mill work in Tom. Now he was a $100,000 man, so they said. He wasn't



out in those black mountains with a sleeper-load of engineers and accountants for his lungs! Anyway Tom stayed only a week, which is just enough for the grand once-over on a real plant but not long enough for a mountain holiday. And he left his crew behind.

THE end is not yet. Given the courage, the money, and the skill, there is room yet in the industry for a greater giant than Big Steel itself. Consider these figures—familiar enough to the trade, little known outside it:

U. S. Steel can produce 25,000,000 tons a year, 38.3% of the American industry's total capacity. Bethlehem, 8,000,000 tons, 12.5%. New Republic, 4,900,000 tons, 7.7%. Total for the big three, 58.5%. In the hands of scores, hundreds, of small independents, is 41.5% of the total capacity. Gather these little fellows together, add them to Bethlehem or Republic, and where is U. S. Steel's crown?

There is much thinking about this at 71 Broadway, in Bethlehem, and, no doubt, in Cleveland!

It is naturally impossible to find out just how much the steel companies have cut prices in order to restore their industry to the remarkable production figures which are now pretty generally admitted. The various calculations are only guesses, say steel men, because prices can never really be uncovered. What is perfectly certain, however, is the return of this great trade to a pristine state of competition.

The sweet old days of cooperation and coordination and mutual understanding of common problems (without, of course, speaking—or especially writing —about prices) have been suddenly replaced by a more anxious, old-fashioned spirit.

Indeed, very recent days have been marked by that rare reversal of the law of supply and demand about which all clinicians agree. Small orders in the offing have been ignored by the price schedules, but whopping contracts have precipitated bargaining, have sent prices down. This symptom has been seen before by all the business diagnosticians. It reveals headlong competition, a race after orders.

The Old Harry that is in all real steel men, the very iron in their bloodstream, is frisky with life again. Gone are the halcyon days of sweet reasonableness, when Judge Gary tipped back against the radiator on his rollered chair and charmed reporters, sociologists, and magnates with thoughts about a better world and exhortations to a higher state of soul.

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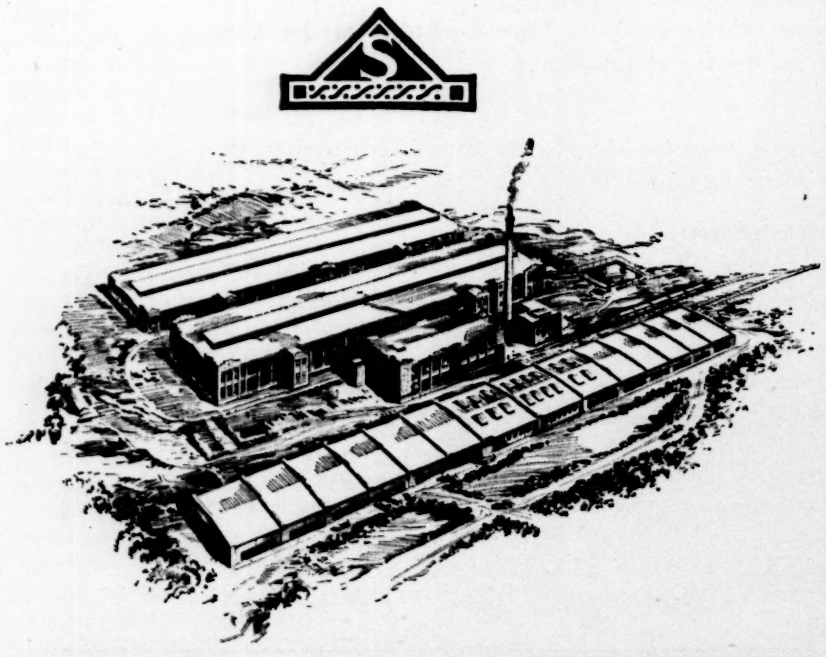
Engineers

Greenville **South Carolina**



ENGINEERING CONSULTANTS ON THE SOUTH

Britain Begins to Educate Salesmen

European Bureau, The Business Week

THE traditional system of British education, which in the past has been definitely oriented away from commerce and industry, shows signs of change under the repeated assaults of Francis Goodenough, London gas magnate, and his Committee on Education and Salesmanship. Hitherto commercial and business training has been in the hands of catch-penny and correspondence schools, or dependent on the initiative of individual firms. But there is every prospect that in the course of time British colleges and universities may follow the example of the American and offer courses and degrees in business practice. Even Sir Michael Sadler, principal of a famous Oxford College, has admitted that his university might well devise a category, between the honours degree and the pass-degree, designed to attract the commercial citizen.

But before anything definite can really be accomplished the British business world itself must be educated. It is not yet aware of the importance of a skilled commercial and sales technique. The British method of staffing the sales department is to promote from office or factory a likely employe and put him on the road, and to trust to his natural faculties to effect a sale. Only occasionally does a sales manager give his staff the benefit of his own experience. Few have any time for scientific methods, or for the theory that a salesman or a business executive is the better for being taught something of his job before he begins to practice it. The British business man, as a rule, thinks that the sole job of the salesman is to sell the product of his house, "and be damned to his fancy notions of what the customer really wants."

It is this stodginess that Mr. Goodenough and his confrères are combating. His fight is not an easy one; already he and his Committee have been attacked as having done great damage to British prestige by revealing weaknesses which were merely incidental and allowing them to seem essential to the trading system. But his ideas are gaining adherents rapidly, and it appears to be only a question of time when the British salesmen will shake off their lethargy, and business education be common.

American concerns operating in Britain—notably Burroughs—say Britons make the best salesmen when properly trained.

The European Buyer Sets a Sales Quota

If Germany officially adopts ingenious treaty-proof device to restrict our exports, American automobile sales abroad may suffer severely

EUROPEAN automobile manufacturers are said to be arming against invasion of American cars. There has been talk—some of it wild—of ingenious plans to restrict our sales of automobiles on the Continent. To those who have been watching the situation, the important question today is, "What will Germany do?" for it has become apparent that most of the plans now under discussion were "made in Germany."

Germany is one of our largest foreign automobile markets. Only Belgium and Sweden—in Europe—import more American cars. Her demands for automobiles and many other products which American concerns can supply are constantly increasing. American exporters and business men find her position in the present controversy highly significant.

As outlined in previous issues of THE BUSINESS WEEK (January 22 and 29, February 5) the German automotive industry, in collaboration with other European interests, is asking for higher tariffs and rigidly enforced contingent quotas on automotive products.

Under present conditions, American cars enter Germany with relative ease. Import duties amounting to about 15% to 20% ad valorem have been in effect since July 1, 1928. Our position as a most-favored nation assures American products rates as low as any. The proposed contingent quota scheme ingeniously circumvents this obstacle by imposing quotas which are more than adequate for other exporting countries but grossly inadequate for American requirements.

The rise of the contingent quota plan is a startling departure from ordinary methods of international commercial policy. It threatens to make a farce of the most-favored nation treatment—upon which the United States places great dependence for obtaining fair treatment for its nationals. Yet present indications are that Germany is making the contingent quota plan a definite part of its commercial policy. A new treaty with Sweden applies this method to cattle imports. A similar agreement is about to be concluded with Poland in regard to hogs. Further proposals are under way to apply contingent quotas to imports of cotton, woolen, and rayon goods.

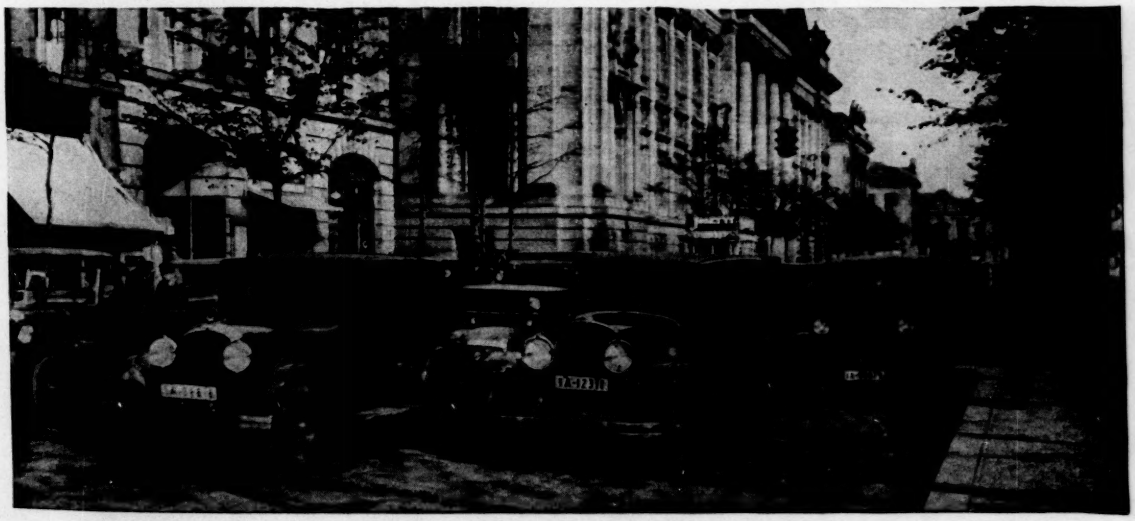
This general policy is said to have the approval of the German Federal Economic Council and the Reichsrat. It is expected to be approved by the Reichstag, although the Foreign Office has announced that the Government will oppose its application to automotive products.

The present set-up of the American automobile industry in Germany is such that adoption of the proposed restrictions will bear heaviest on independent producers. The competitive position of Ford and General Motors in regard to German producers will not be materially affected while the position of the two large American interests in respect to their compatriot competitors may be considerably improved. This will be due primarily to the ownership of Opel by General Motors and the plans of Ford to build a plant at Cologne where complete cars will be built behind the German tariff walls.

About 40% of the automobiles sold in Germany in 1929 were of American manufacture. This total includes direct imports and the products of eight American assembly plants. Adding Opel production, total American share of the market was nearly 60%. Last year was not a good one. Sales were disappointing; 4 of the 10 foreign assembly plants closed down before the end of the year; three others drastically limited production.

The competitive battle of independent American producers is with Ford and General Motors—not with the German industry. The latter still suffers from too great a variety of models, inadequate technical equipment and unsound financing policies. Rationalization processes continue but are by no means completed. But 17 car makers remain of 59 active before the war; 39 truck makers have been reduced to 10. Many factories still operate on a thin margin, on the brink of collapse.

Ford and General Motors have been constantly gaining ground. Both opened



AMERICAN CARS DOMINATE A STREET IN BERLIN

A QUAINT

Old-fashioned

IDEA

HERE AT Robbins & Myers we have always contended that an "ounce" of forethought in the building of a motor is worth a "pound" of servicing later on. That is why we design our own special tools to build into each new job the peculiar differences it requires. That is why we dynamically balance our high speed armatures to a nicety far beyond ordinary standards of precision. That is why we wind motors in hundreds of unique and intricate ways and change the insulation to meet the climatic conditions of all countries. There are many such special things that are never figured in an R & M estimate or invoice—things that explain why R & M units are said to run forever on an occasional drop of oil. This old-fashioned thoroughness frequently means less immediate profit, but in the long run it pays good dividends because contented customers keep coming back year after year for "more of the same."

If you have a problem in electrical-motored machinery, come to Robbins & Myers. We offer you the facilities of a completely modern plant, and the experience of 32 years' precision manufacture in designing, building and applying electric motors, generators, fans, and electrical appliances

Robbins & Myers, Inc.

Springfield, Ohio **Brantford, Ontario**

1878 1930

MOTORS, FANS, HAND AND ELECTRIC HOISTS AND CRANES

their first assembly plants in Berlin. Later they moved west, nearer to raw materials, skilled labor, better transportation facilities and the rich markets of western Germany.

While following the same geographical path, other policies of the two companies have diverged. General Motors broke the front of opposing local interests by buying Opel—the largest and most progressive German manufacturer—thus becoming a local concern. Ford has acquired no interests in foreign concerns but seeks to strengthen his position by making alliances with powerful, local non-competitive interests. The sale of part of the new stock issue of the German Ford Company to the German chemical trust (I. G. Farbenindustrie)—is a case in point. Since then, he has strengthened local alliances by an agreement with Krupp interests to use their Nirosta steel in Ford cars.

Neither method seems ideal. General Motors ownership of Opel presents an American product to the German buyer under the disguise of a familiar German name. Use of this method entails an obligation to carry an old and usually inefficient plant. Ford erects entirely new plants of most modern design. General Motors is more or less isolated with a 100% German plant, whereas Ford is supported by his powerful local allies in repelling attacks of local manufacturers or governments.

The present situation seems to be that Ford and General Motors will continue to hold a large share of the German market regardless of what action may be taken by the government. General Motors with Opel and Ford with its new Cologne plant will be operating behind the tariff walls and inside contingent quota restrictions. There seems to be nothing now proposed which can seriously affect their activities.

▼

Aviation ► **1929 Doubled Mail Loads and Flights**

RAPID is the expansion of air mail poundage on the 25 government-contract routes. In 1926, 810,355 pounds; in 1927, 1,654,000; in 1928, 3,542,079; and in 1929, 7,097,099.

Increase in number of miles actually flown over contract routes almost keeps pace with volume. For 1929, the total is 13,000,000, or nearly double the 7,671,286 miles flown in 1928.

Slump in mileage came in December when bad flying conditions cut totals below November, though poundage bettered December, 1928, records by 14%.

PORTLAND IN LINE WITH *HOOVER PROGRAM

*72 Million Dollars

for NEW Construction to be spent in Portland, Oregon and vicinity . . . in 1930

A part of the business section of Portland and the initial work on the new St. Johns bridge

RAILWAY companies, public utilities, the county and the municipality, have outlined expenditures of seventy-two million dollars in the vicinity of Portland, Oregon, for 1930. Twice the amount as at the beginning of 1929. This expenditure will stimulate business in all lines, especially manufacturing!

New industries and branch factories are invited to Portland, to share with us our unprecedented opportunities and prosperity. An abundance of raw material, an unlimited supply of pure soft water, hydro-electric power at one of the lowest rates in the country, a temperate year-around climate, efficient and contented labor, and remarkable transportation systems via rail, steamship, motor bus and air—all these and *more* account for Portland's rapid industrial advancement.

Portland's manufacturers are successful. There are 1250 manufacturing plants, 17 of which are distributing internationally, 18 nationally, and 50 of them are branches of national concerns. Portland's manufactured products are to be found in every state in the Union and in many foreign countries. Portland has increased in population from 90,000 to 356,823 since 1905, has made an enviable record industrially, and has become famous as a world port.

An economic survey of Portland's industrial advantages, made by one of the nation's leading firms of industrial engineers, will be available soon. Write for your copy! Better still, visit Portland this year—combine business with pleasure—investigate our industrial advantages while here and enjoy a vacation in this playground of the business man and sportsman.

For information on any subject, address Advertising and Promotion Dept.
PORTLAND CHAMBER OF COMMERCE, *Room 203, Portland, Oregon*

PORTLAND·OREGON

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

THE business sag seems to have reached a limit in some countries and here and there economic improvement is manifest. A general easing in money has begun to relieve local credit congestion, notably in Germany. The trend toward agricultural tariff protection, primarily for cereals and livestock, is growing among agricultural-industrial countries like Germany, France, Czechoslovakia, and Austria, where the underlying motive is to strengthen farm buying power, which, though indispensable to lasting industrial prosperity, has recovered less than any other class of wealth since the war.

Business organizations generally are offering strong opposition to the program which will come before the tariff truce conference when it opens this month. The inter-European steel cartel has reached an agreement for 6 months of experimental concentration of export selling through its own sales offices; the international pipe cartel has agreed to extend its cooperative program in its present form for another 10 years.

By Special Cable to The Business Week

Great Britain—Business is skeptical over the value of the new Government Economic Council but pleased with the Bank of England's appointment of aggressive advisors to its own board and to the board of the Securities Trust. Assurance of financial support from the government by J. H. Thomas, Minister of Unemployment, has renewed agitation and plans looking toward amalgamation within the Lancashire cotton industry. The annual reports of Britain's Big Five banks characterize the last bank year as good and prospects for the coming year as bright. Sterling exchange continues to drop. The Coal Bill has reached a deadlock. There has been a perceptible slowdown from the recent high activity in the coal industry, but shipbuilding is picking up, new orders having been placed for nearly 200,000 tons, largely tankers.

By Special Cable to The Business Week

Germany — Although business is still depressed with a record of 2,000,000 unemployed and difficulties are impending in public finance, there is a stronger tone and money is gradually easing under the inflow of European short-term capital. Considerable satisfaction is expressed at the return of American long-term credits. The net result of the Siemens-Dillon Read loan has been to stimulate the Berlin market after a prolonged decline. The Reichsbank has made a further reduction of the bank rate, bringing it down to 6%. The Reichstag has passed the Match Monopoly Bill whereby the Reich receives the proceeds of the Kreuger & Toll loan during the next 16 months. Berlin continues hand-to-mouth financing, borrowing $2,000,000 from the Association of Brandenburg Savings Banks, and another $6,000,000 from Elektrowerke after consenting to the extension of the present contract to supply current from 1943 to 1948, which means indefinite postponements of the proposal for extension of municipal plants.

A national syndicate is formed to handle sales of potash by-products such as bromide, epsom salts, and magnesium chloride. German bottle manufacturers with annual production of 640,000,000 reach a 10-year "agreement."

By Special Cable to The Business Week

France—The resolution of the Socialist party to enter no coalition government, meaning particularly no Radical coalition, clears the political atmosphere, increases the life expectancy of the present Tardieu government and leaves its members with a clear field for the development of the prosperity program of tax reductions, and expansion of national equipment. The social insurance bill, involving the necessity for industrial readjustments and scheduled for Chamber consideration on February 5, has been deferred. The continued rise in prices is rousing business anxiety. Ambassador Edge has opened conversations toward a new Franco-American commercial treaty superseding the present modus vivendi, and is reported to have met with cordial reception by the government.

Railway earnings are up; unemployment is declining; industries, including textiles, continue to show increased activity, exceptions being building, automobiles, and leather goods; savings are up.

By Special Cable to The Business Week

Belgium—The National Bank, by offering for public subscription its participating share in the International Bank, has set a precedent. Debary Company, Amsterdam, affiliated with Deutschbank Diskontoges, has contracted with the Grand Duchy of Luxemburg for the flotation of a loan of 7,000,000 florins, at 5%, priced at 93. Luxemburg proposes with this fund to develop electric projects, including electrification of the railroads.

By Special Cable to The Business Week

Austria—Negotiations for the flotation of a loan of $100,000,000 will be opened in London next week. Morgan, Schroeder, and Rothschild are reported to be participating

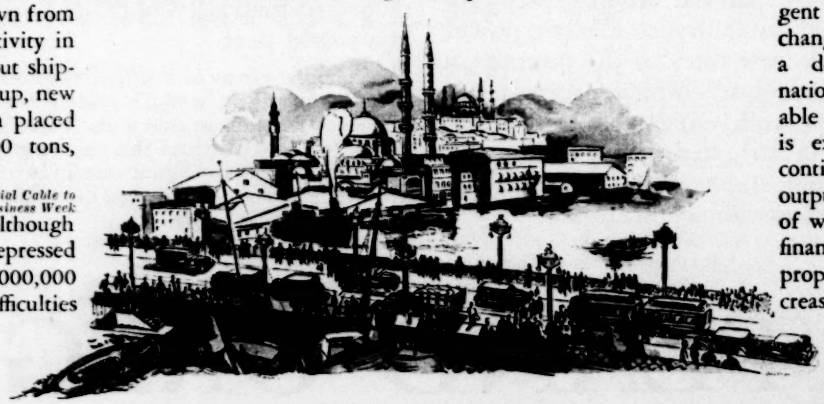
By Special Cable to The Business Week

The Balkans—Business is depressed, especially in Rumania where there have been bank failures in the Banat and Siebenbuergen sections, due primarily to a shortage of capital and agricultural losses due to over-production. Better returns from remaining farm stocks and business improvement are expected from now on.

FAR EAST

U. S. Dept. of Commerce

Australia—Year-end trade reports show same volume of trade as in 1928 but without any buoyancy. The outlook for 1930 is not bright. Owing to stringent financial and exchange conditions and to a decided reduction in national income, considerable contraction in imports is expected. Coal strikes continue and stoppage of output plus fall in the price of wool accentuate present financial difficulties. Recent proposals are for a tariff increase on 300 items.



The economic value of Investment Companies

DECORATIONS BY ROCKWELL KENT · CUT IN WOOD BY J. J. LANKES

INVESTMENT companies such as those in the American Founders group must justify their existence by achieving better-than-average results in periods of depression as well as in times of inflation.

The funds contributed by the debenture owners and shareholders are invested and managed with a view to obtaining the highest income consistent with safety — to achieve in "good times" above the average yield and appreciation, and in "bad times" to experience less than an average shrinkage in earnings and market values.

A high average rate of gross earnings of all the five companies in the American Founders group has been maintained since the oldest was formed in 1921. Interest and dividends have provided the basic income, while profits from sale of investments have been greater in some years than in others. In 1929 income from the latter source was unusually large.

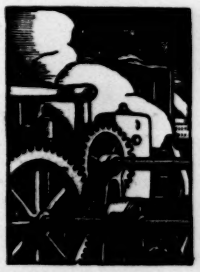
From the total income the expenses, taxes and debenture interest are paid, reserves and surplus are built up and dividends are distributed to the stockholders. This unified management of the combined funds of many is devised to afford greater safety and income than the average man obtains through his individual operations.

American Founders Corporation, now controlling the other four companies, has consolidated resources exceeding $200,000,000. Copies of the consolidated annual report for the fiscal year 1929 may be obtained from bankers and security dealers or from Founders General Corporation, 50 Pine Street, New York City.

AMERICAN FOUNDERS CORPORATION

Subsidiary Investment Companies

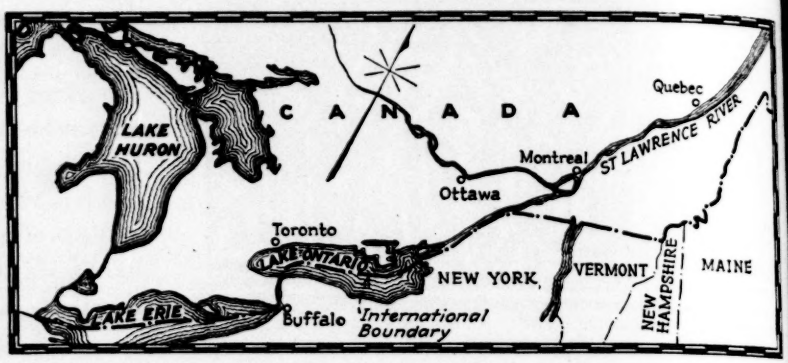
INTERNATIONAL SECURITIES CORPORATION OF AMERICA
SECOND INTERNATIONAL SECURITIES CORPORATION
UNITED STATES & BRITISH INTERNATIONAL COMPANY, LTD.
AMERICAN & GENERAL SECURITIES CORPORATION



Sharing the Prosperity of Many Companies, Many Industries, Many Countries

Canadian Premiers Block Road to Sea

THE great dream of ocean shipping thronging the wharves of Chicago, of wheat moving in one ship from Duluth to Liverpool, of millions of kilowatt hours of power surging from turbines harnessing the Lachine Rapids—all this is still a dream, and events of the past few days in Canada push its fulfilment even farther into the hazy future, if, indeed, they do not destroy it.



Mackenzie King, Premier of the Dominion, Premier Ferguson of Ontario, and Premier Taschereau of Quebec met the other day in Ottawa to discuss the project. For political reasons, no official announcement has been made of what developed. Officially or not, all Canada knows what happened. They killed the project so far as the Parliament of 1930 is concerned. It is clear there will have to be a considerable reversal of sentiment in Canada before the waterway can ever be forwarded.

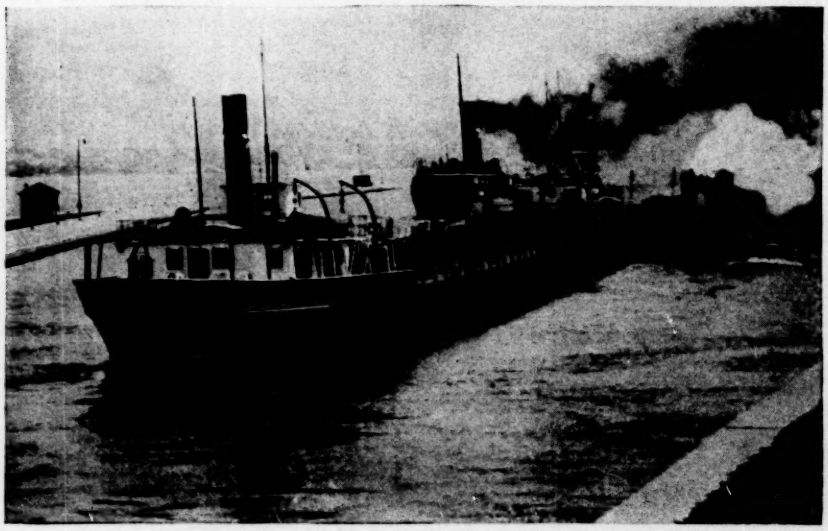
Washington and Ottawa conducted long diplomatic negotiations on the plan. Nearly two years ago, Ottawa suspended the correspondence until such time as the Dominion could clear up the constitutional questions involved in the rights of the Provinces of Ontario and Quebec in the St. Lawrence. The Provinces have rights which the Dominion cannot override.

The Dominion has tried twice to clear up the questions. First, it tried to get the courts to do the job. That attempt failed. Its second major effort was the conference of Premiers in Ottawa the other day. It failed, too. So the Dominion government is no closer to being able to negotiate with Washington than it was.

More significant, there is strong reason to believe the present government is fairly well content not to be able to negotiate. Canada is far from eager to create an international waterway. In the United States, there is wide enthusiasm, from President Hoover down. Only Buffalo raises an angry voice. In Canada, there is much opposition. There is, indeed, the likelihood that opponents are in the majority.

AFTER suspending diplomatic negotiations with the United States, the Ottawa government late in 1928 attemped to get the Supreme Court of Canada to pass on the constitutional questions involved. This failed utterly. The judges found themselves unable to settle abstract questions concerning the respective rights of the Dominion and the Provinces. They advised that judicial decisions would only be possible in concrete cases arising out of attempts by one or more of the parties involved to assert such rights as were claimed.

Recourse might then have been had to the Privy Council in England, ultimate authority in the British Empire on constitutional issues, but the Canadian court's exposition of the matter was such as to make any further attempt to secure a judicial interpretation appear futile. The federal government, therefore, determined to go behind the law and the Constitution and endeavor to compose the issues by means of an amicable agreement with the provinces. The fruitless Ottawa conference of Premiers followed.



THE Province of Quebec has been regarded all along as the home of major Canadian opposition to the waterway. Quebec feared that with the St. Lawrence opened to large vessels, shipping business would pass by the prosperous Port of Montreal and go to Toronto and other lake ports. Also, for years opponents of the project have been telling the people of Quebec that it involved the dangerous sharing of their birthright, the great highway to the sea, with the United States.

Of late, indications have been discernible of some softening of the Quebec attitude. Montreal seemed willing to listen to the argument that the waterway would increase rather than injure its shipping business, as lake traffic would come on down to the port instead of stopping at Buffalo, Toronto, Kingston, Prescott and other trans-shipment points,

while ocean traffic would not proceed into the lakes.

The prospect of important industrial expansion in and about Montreal following on the development of large quantities of electric power has had some influence on Quebec sentiment. Reports have circulated to the effect that Premier Taschereau, whose voice is usually the voice of his province, was willing to be converted to the waterway, but of this there is no proof and in most matters concerning provincial rights he is generally in agreement with Premier Ferguson of Ontario.

As for Mr. Ferguson, he makes no bones about his attitude. He went to the round-table conference at Ottawa the other day frankly confessing the opinion that if Canada was going in for the deep waterway scheme, it should be an all-Canadian undertaking, with no sharing of jurisdiction with the United States. This attitude is in keeping with a resolution adopted by the national convention of the Conservative Party in Winnipeg two years ago at which the Ontario premier was a prominent figure.

Mr. Ferguson professes that he expresses only a personal view and does not speak for the people of Ontario. But Mr. Ferguson is one of the shrewdest politicians in Canada, and when he confesses distaste for a partnership with Uncle Sam on the waterway, it may be assumed he is convinced he is interpreting the ruling sentiment of Ontario.

IT IS Ontario that provides the bulk of Canadian opinion favorable to an international waterway, as it is the only province that touches the Great Lakes and consequently would benefit most from through water borne traffic from the head of the lakes to the seaboard. At the same time, however, Ontario, of all the provinces, is perhaps the most sensitive in respect of relations between Canada and the United States. An underlying doubt unquestionably runs throughout the province as to the wisdom of Canada's pooling with the United States her interests and rights in the waterway, especially her exclusive jurisdiction over the greater part of the St. Lawrence. It amounts to an apprehension that the interests of Canada might not be sufficiently safeguarded in an international undertaking.

To a lesser degree, this sentiment is to be found in all parts of the country, and when it is aroused it is all-powerful, as in 1911, when it responded to the cry, "No truck or trade with the Yankees," rejecting the tariff reciprocity agreement with the United States and defeating the government of Sir Wilfrid Laurier.

The second attempt to clear up conflicting St. Lawrence claims of Quebec, Ontario, and the Dominion ends like the first in failure. Which probably suits Canada, if not "the States"

Just now, the tariff policy of the Hoover administration and of Congress is by no means helping to dispel it. It is safe to say that the great majority of the people of Ontario could not be persuaded to consider the waterway proposition on its own merits without giving some thought to the pending United States legislation designed to exclude Canadian agricultural products from the American market.

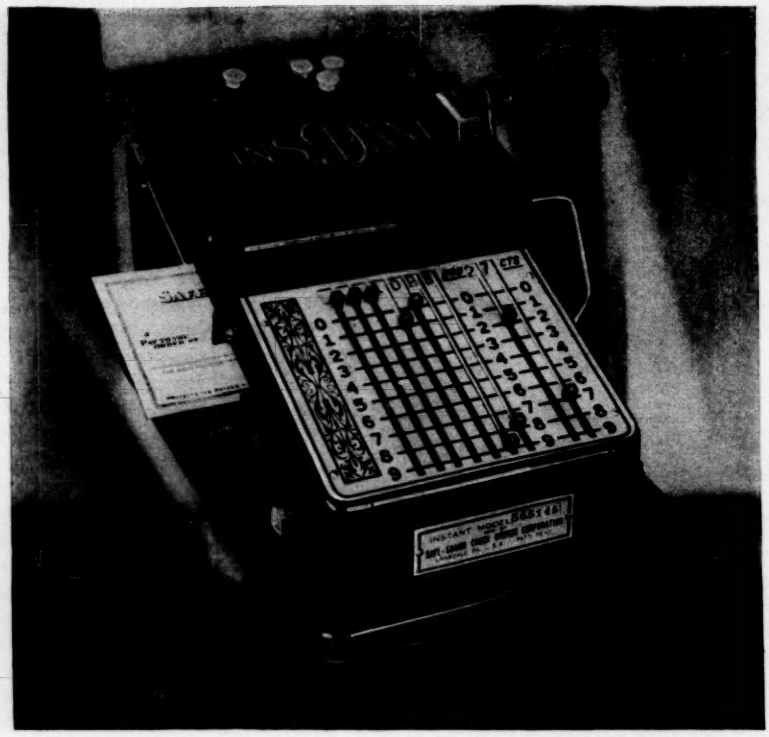
For the same reasons, it is to be assumed that Mr. Mackenzie King is not entirely disappointed at not having been able to effect an agreement with the provinces. In suspending, in April, 1928, the correspondence with Washington regarding the waterway, the Canadian government assured the United States government that, following its efforts to effect a settlement with the provinces, it would be "in a position to inform the government of the United States further of its views." Recognizing the reaction in Canada to the attitude of the American administration in tariff matters, it may be regarded as doubtful if Mr. King desires at the present time to be in a position to renew discussion of the subject with Washington.

In this connection, he was at pains, at the conclusion of the conference, to make it clear that there would be no resumption of the discussion now.

EVEN before the prohibitive increases in tariffs against Canadian products were proposed, the Canadian government felt constrained to point out to the United States government that its tariff policy was having an influence on Canadian sentiment in respect of the waterway. Thus, in January, 1928, Hon. Vincent Massey, Minister to the United States, in a note in the name of the Canadian government to former Secretary of State Kellogg, observing that Canada was not in as great need of enlarged transportation facilities as the United States, made the statement that "Canadian agriculture is more directly affected by the restrictions on the importation of Canadian farm products which have been imposed by the United States in recent years, with the object, it is understood, of assisting agriculture in those Western States which would share so largely in the benefits of the proposed St. Lawrence waterway." He added: "This situation, and the effects upon maritime sections of Canada of United States duties on the products of the fisheries, are among the factors which have contributed to bringing it about that public opinion in Canada has not so clearly crystallized in favor of the waterway project as appears to be the case in the United States."

In his reply to Mr. Massey's note, Mr. Kellogg chose to ignore the none too delicate hint, while a few months later Mr. Hoover was before the country in his election campaign advocating still further restrictions on Canadian importations and since then has been urging Congress to translate his policy into legislation. Thus, the factor which the government of Canada at the commencement of 1928 held to be exercising a restraining influence on Canadian enthusiasm for the waterway is now in process of enlargement.

Moreover, a general election in Canada is imminent. Its inability to secure an accommodation with Ontario and Quebec on the constitutional aspects of the matter allows the Canadian government to justify its inactivity in the eyes of those sections of the community which favor the waterway. Ottawa, therefore, is content, and will "sit tight."



THESE BUSINESS-LIKE CHECKS HELP TO ATTRACT BUSINESS

Today, every business is judged by the outward marks of success, alertness, up-to-the-minute methods.

If you are still writing your checks in the old-fashioned way, you can't afford to continue letting them label your business "out-of-date."

Checks written on the Instant Safe-Guard Check Writer are business builders, for they carry the unmistakable suggestion of accurate, efficient, modern methods, throughout a business as a whole.

Keep step with the pace-setters. In every line of business, they have standardized on Safe-Guard Check Writers. Their adoption of this method has made it the preferred check writing practice of today.

SAFE-GUARD CHECK WRITER CORP.
Lansdale, Pennsylvania

QUICK AS A FLASH

One stroke fills the amount line with big indelible figures . . .

Macerates the payee's name, otherwise a vulnerable spot . . .

Prints owner's registered number or, if preferred, a special name or trade mark.

Safe-Guard checks are positive protection against forgery or alteration — backed by a $10,000 indemnity policy issued to every purchaser.

Write for a demonstration. It will not obligate you in any way.

Maps May Be Art; Must Be Tools

"THIS is a splendid map of London," said the salesman. "It's only seven years old." The American map dealer chuckled, recalling that the State Highway Commission of Wisconsin, with a $100,000,000 road-building program under way, issues new maps weekly. So do several other American states, while still others have semi-monthly issues during the road construction season. Among them are New York, Pennsylvania, Ohio, North Carolina, West Virginia, Iowa, Missouri, Kansas, and Nebraska. Connecticut, Minnesota, Washington and California issue pamphlets containing information about detours and road changes. The business man with legitimate use for such data can generally get his name on the state mailing lists for the asking. In most states maps are free, but a few charge fees, as $5 a year in Missouri, and $10 in Iowa and Wisconsin.

Abroad, maps approach the dignity of literature, and are artistically done. In this country they are tools, quickly obsolete. But the recent revival of interest in geography has increased the appreciation of maps in this country.

The use of maps is increasing tremendously, and map manufacturers keep pace with the demand. Within a week after the Interstate Commerce Commission had announced its railroad consolidation plan a big map-maker was offering maps on which each of the 19 proposed systems appeared in distinctive colors. The sales executive uses maps more and more to show not only what is being done, but what is not being done. Motorists use them by the millions. Aviation gives the map-maker a new market, comparatively small as yet, but growing.

In one respect, at least, Europe is far ahead of the United States. Most European governments have mapped their domains in great detail, usually for military purposes, as American Army officers learned when they used the French war maps, on which houses and sometimes even chicken coops appeared. The work of mapping the United States in detail has been in progress for some 60 years. Maps of specific areas, so detailed that private residences appear as black dots, are issued as completed. These maps are available to business men, but the work is being done so slowly that by the time the job is completed the first maps will be obsolete.

What Is a "World Bank"?

THE World Bank—or the "Bank of International Settlements," to give it its official title—will start operations, probably in April, at Basle, Switzerland. It has been heralded as "a financial league of nations, run by practical financiers, freed from the red tape of politics and diplomacy."

No one can yet say exactly what the bank may mean to the world it is to serve. Broadly planned, its development is largely in the hands of its management. The more specific details of operation, worked out by the last experts' conference headed by Jackson Reynolds of New York, have not been published. But enough is known to make possible a fair appraisal of its importance.

Its official aims are "to promote the cooperation of central banks and to provide additional facilities for international financial operation; and to act as trustee or agent in regard to international financial settlements entrusted to it under agreements with parties concerned."

The immediate raison d'être of the bank is to handle German reparation payments. This provided the excuse for its establishment. Political and economic control of Germany under S. Parker Gilbert's Reparation Commission will now be lifted, to the great relief of the defeated nation.

But the bank is certain to extend its activities into far wider fields. A commission or group could continue to handle its reparations bookkeeping. The establishment of an incorporated bank with capital stock and all of the banking accoutrements will mean much more than that. It unquestionably does mean a World Bank in every sense of the word.

Primarily, the institution will be a central bank for central banks of the world. Its management will come from the central banks. But it can do business with anyone or any group the board of directors approves. Operators will cover both investment and commercial banking with additional extra-curricular activities.

Investment banking operations come with its assumption of the job of collecting and distributing reparations. An essential part of the plan is mobilization of the unpostponable annuities. That means the issuance of German bonds in all money markets. Proceeds from these bonds will go to Germany, to be used to pay reparations annuities in advance. The World Bank will be the fiscal agent and issuing house. First flotation will be in the spring, probably totaling about $200 millions with later issues bringing the total to perhaps a billion dollars. The payment of reparations in kind likewise will become the concern of the bank.

Central banks of the world's leading nations will control the World Bank. The governors of these banks will be ex officio members of the Board of

•

Reparations will be the first concern of the new Bank of International Settlements, but it can do almost every kind of banking and probably will. Just how it develops depends largely on the management. Whatever it does, is certain to be of great importance to this country

•

Directors and will appoint the other members. Five of the central banks, those of England, France, Germany, Italy and Belgium, are entering directly. The United States and Japan will be represented by private banking interests, which, however, will be very close to the central banks. Provision is made for entrance later of the central banks of the smaller nations, though control will remain with the seven.

A GROUP of large New York banks headed by J. P. Morgan and Co. will take the share of capital stock allotted to the United States and act as the bank's agent in the country. Two prominent Americans will be on the Board of Directors and one is almost certain to be the chairman. Gates W. McGarrah, now chairman of the board of the Federal Reserve Bank of New York, is favored for this post. His acceptance would assure the World Bank a close connection, if an unofficial one, with the Federal Reserve.

Commercial banking operations of the new institution will be similar to those of any other bank. A fourth of its capital of roughly $100 millions will be paid in. This $25 millions must be put to profitable use. Earnings of 14% on subscribed capital are indicated. Deposits of about another $25 millions by the allied and German central banks will be invested. The bank will receive a commission on reparation transfers and also on bond issues. As time passes, the bank will accumulate additional funds as surplus from earnings.

Deposits and transactions can be carried on with other banks, corporations and individuals as the board of directors sees fit. The amount of business to come from such sources, depends wholly upon the development of the bank.

AS a central bank of central banks to facilitate international financial settlements and transactions the bank will carry out many special activities. The statutes require that its funds have a high degree of liquidity which indicates that most of its investments will be on short term. Intended to stabilize, these open-market operations will be similar to those of the Federal Reserve in the domestic money market. The bank can also make advances to the central banks and can discount for them.

One of the possible functions of the bank, stressed in early discussions—that of acting as an international gold pool—has been largely forgotten. Closer study of the question has shown that the nations are almost uniformly adverse to keeping their gold elsewhere than in their own vaults.

The facilitation of closer cooperation between central banks constitutes another great purpose of the World Bank. Interchange of information, largely statistical, between central banks has been fairly well developed. But actual conferences between central banks have not yet been successful.

Governors of the central banks will be directors of the World Bank. Meetings of the directors are to be held at least ten times a year. Smoothly functioning machinery of this kind is almost certain to promote international business and financial cooperation.

Many of the original plans for the bank fell before wide opposition. Private banks were uneasy about the possibility that they were setting up a dangerous competitor in Basle. But it is to be noted that all central banks, including the Federal Reserve, have absolute veto power over World Bank

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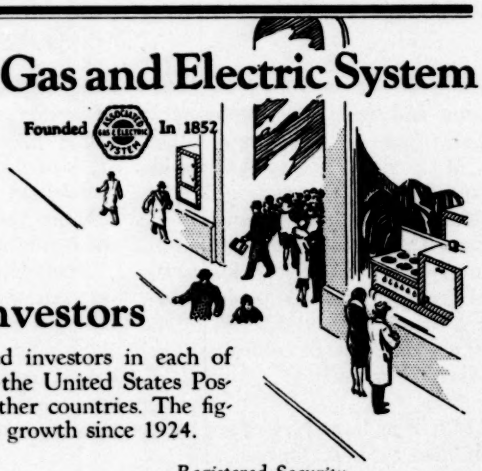

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There are Associated investors in each of the 48 states, in all the United States Possessions and in 26 other countries. The figures below show the growth since 1924.

Year	*Registered Security Holders*
1924	6,000
1925	38,000
1926	41,000
1927	50,000
1928	66,263
1929	186,332

This growth points to widespread recognition of the investment value of Associated securities.

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operations within their respective countries.

The World Bank aims to stabilize money markets and facilitate international settlements. Because of its preponderant place in world trade, the United States is likely to be more affected by its establishment than any other nation. The huge debts which foreign nations owe us are vitally affected. The total is something like $12 billions. We have successfully resisted all attempts to make payments of these contingent upon reparations paid by Germany. The fact remains that we now receive from the allied governments amounts equivalent to a large part of the payments they receive from Germany. Beginning 22 years from now the amounts of debt and reparation payments will be approximately equal.

American investors will purchase large blocks of the German reparation bonds. The World Bank will collect from Germany for the allies and will collect from Germany for the bonds. The allied governments and the bondholders will be the first recipients. But the funds ultimately come to the United States. Uncle Sam is at the end of the "receiving" line.

Washington stands in a peculiar place in regard to the World Bank. No sooner was the proposal for such an institution made public than the State Department issued an ukase holding out the Federal Reserve. There is also a strong feeling against keeping any Reserve or government money abroad. Yet we are cooperating with the bank, we have participated in conferences regarding it and we have a large body of opinion that feels very certain that this country must, from the necessity of its large interests, be closely represented.

Other Lines Put Profits on Ice

ICE companies in several Southwestern cities have established cash-and-carry retail stores handling practically all forms of packaged food products, with especial attention to creamery products. One company in a Texas city operates 23 stores, which handled gross sales of more than $175,000,000 during the past year. Most of this was for milk, butter, eggs, and ice cream.

There has been much discussion, notably at the last convention of the ice industry in Boston, as to whether retail merchandising by ice companies would pay. The Southwest seems to have found the answer. In the Northeast many ice companies balance their years by handling both coal and ice.

Wide Reading

THE REAL POWER PROBLEM. Martin J. Insull. *Forum*, February. Reply to the policy of Governor Roosevelt—and an appeal for adjustment through better balancing interests of consuming public against those of investors.

MAP OF THE CONSOLIDATION PLAN FOR RAILROADS. *Railway Age*, January 25. Sectional map of each of 21 systems.

THE "WAGON JOBBER" STEPS ON THE GAS. C. W. Steffler. *Commerce and Finance*, January 29. Truck distribution direct to the retailer constitutes a significant development in the food industry.

WHAT'S WRONG WITH TEXTILES? William R. Basset. *World's Work*, February. Labor troubles in the South largely due to managerial backwardness; impressions of textiles expert on Hoover Committee on Waste Elimination.

MASS PSYCHOLOGIST. Henry F. Pringle. *American Mercury*, February. Since "Light's Golden Jubilee," Edward L. Bernays is running neck-to-neck with Ivy Lee for first place among the country's public relations counsels.

PENSIONS, CHARITY AND OLD AGE. Walter S. Gifford. *Atlantic*, February. Voluntary or government aid to the old and poor? Trends in recent years in this country—and abroad.

SMALL CAR MARKETING PROBLEMS REVIVED BY AUSTIN. Leslie Peat. *Automotive Industries*, January 25. Claims of economical operation, low production cost and purchase price, as compared with Ford and Chevrolet, challenge American trend toward bigger models.

AMERICAN INDUSTRY IN FOREIGN COUNTRIES. Louis E. Van Norman. *Current History*, February. Recognize that international industrial gains are to be made primarily by helping to strengthen the buying power of others largely through investment, improved standards of living, more suitable political conditions and an intensive development of raw materials.

ROMANCE OF THE MACHINE. Michael Pupin. *Scribner's*, February. Practical idealist sees good in the machine age.

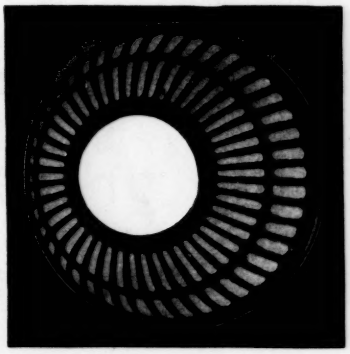
BOOKS

PROSPERITY: FACT OR MYTH. Stuart Chase. Charles Boni, 188 pp., 50 cents. Economics of the present era in fascinating style. The gist of Recent Economic Changes and Middletown in a compact, very readable pocket edition.

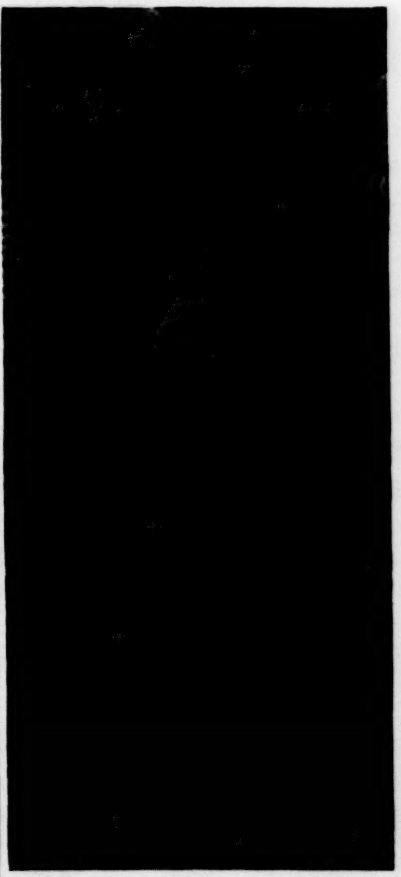
THE BUILDING OF A BOOK. F. H. Hitchcock. R. R. Bowker Company, 315 pp., $3. Planning the book, type, composition, presswork, ink, paper, illustrations, binding, copyrighting, advertising and selling. For authors, advertisers, publishers—and those whose hobby is "books."

MAXIMUM WAGES THE FOUNDATION OF PROSPERITY. Charles S. Coom. Meador Publishing Company, 226 pp., $2.50. A few bits of wisdom wrapped in a lot of nonsense.

NOW IS THE TIME



TO PAUSE AND TAKE A GOOD LOOK AT YOUR PRODUCT « « « «



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PERIODICALLY, breathing spells come to every business. Wise manufacturers utilize these breathing spells to take a good look at their product. Is it as good as it is possible to make it? Is it in harmony with modern progress? What are the possibilities of improving the appearance, reducing the weight, and saving in manufacturing costs?

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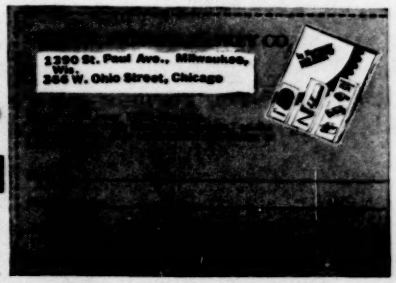


Not by accident is NEW YORK the greatest industrial state

NATURE endowed New York State with a perfect foundation for industry . . . raw materials, fertile soil, safe harbors, navigable waterways, temperate climate.

Today, New York is the world's greatest industrial state. Out of 264 industries listed by the United States Government, 242 are represented in New York.

Within a closely concentrated area around New York State is 49% of the nation's total population, and 55% of the nation's total wealth. This area is the world's richest market. And the logical place to manufacture goods for that market is in the center of it.

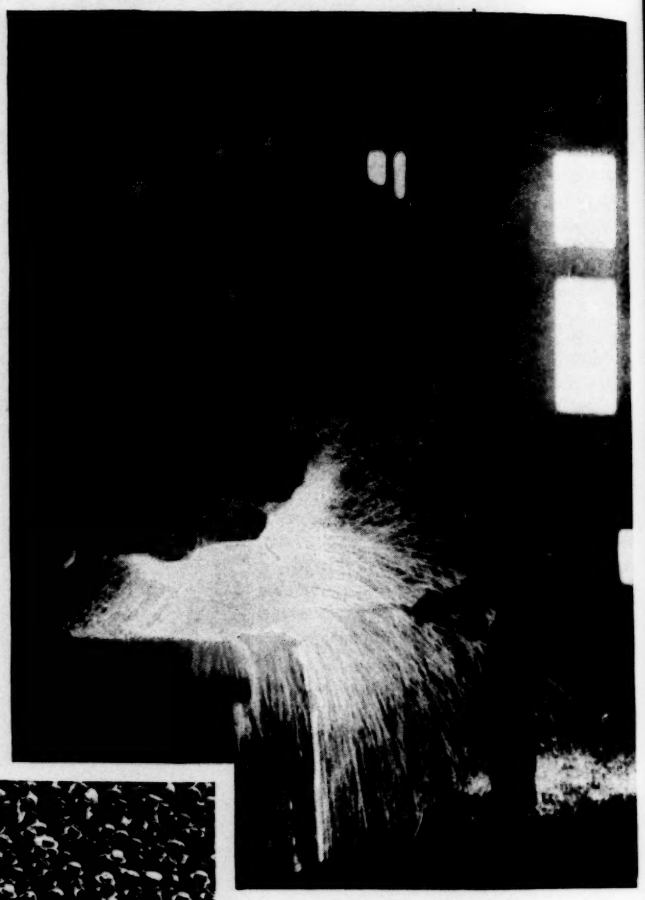
Here your sales and distribution costs are at a minimum. And here unlimited capital is available for home industry.

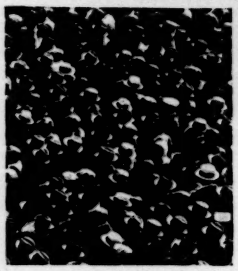
Niagara Hudson's rates for power are materially lower than the nation's average. Interconnection makes electricity available not only in cities, but rural districts.

The manufacturer who locates his plant in New York State, places it where industry is already established. He takes none of the risks which attend the pioneer. New York is over its growing pains. It is industrially mature.

Put your plant in New York State—you profit by more than 100 years of industrial growth. Write for our new book, "New York, The Great Industrial State." It is sent to interested manufacturers without a personal follow-up of any kind. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y.

Power is cheaper in New York State





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BALDWINSVILLE	FAIRPORT	HUDSON FALLS	NIAGARA FALLS	SYRACUSE
BALLSTON	FALCONER	ILION	N. TONAWANDA	TONAWANDA
BATAVIA	FORT EDWARD	JAMESTOWN	OLEAN	TROY
BOONVILLE	FORT PLAIN	JOHNSTOWN	ONEIDA	UTICA
BROCKPORT	FRANKFORT	KENMORE	OSWEGO	WATERFORD
BUFFALO	FREDONIA	LACKAWANNA	PULASKI	WATERTOWN
CANASTOTA	GENESEO	LANCASTER	RENSSELAER	WATERVLIET
CARTHAGE	GLENS FALLS	LEROY	ROME	WELLSVILLE
COBLESKILL	GLOVERSVILLE	LITTLE FALLS	ROTTERDAM	WESTFIELD
CORTLAND	GOWANDA	LOWVILLE	ST. JOHNSVILLE	WHITEHALL
COHOES	GREEN ISLAND	LYONS	SALAMANCA	WHITESBORO
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What Big Business thinks of Russia

American business leaders submit an important report on a new customer—Say political questions are beside the point.

WHAT does American business think about Russia? This is a different question from "What does the United States government think about the Union of Socialist Soviet Republics?" That has been answered—though probably not "for all time"—by Washington's consistent refusal to recognize the U. S. S. R.

But if there is no Russian embassy in Washington, there is incontestably one in New York. It is staffed by the emissaries of Soviet business. It inevitably represents the Soviet government as the self-appointed manager of that business. And its recognition by American business is a *fait accompli.*

Out of this anomaly has arisen a disposition to say, "What does it matter what we think about Russia, so long as what we are doing about her is demonstrably profitable? She is buying our goods, relieving our surpluses, paying us cash or satisfying our credit requirements."

However, that isn't quite good enough. Evidently we can do business with the Soviets through a diplomatic fog. Our transactions with Russia in goods, money and men grow bigger all the time with little regard to political considerations. But the safety of letting them go on in this way through a business fog is another matter and those who are already engaged in this traffic with Russia, those who are now weighing the advisability of sharing in it, are vitally interested in knowing what American business thinks about Russia as a business proposition.

Here is the answer boiled down from interviews by a representative of THE BUSINESS WEEK with a score of important industrial, financial and commercial leaders who consented to talk last week about our newest customer, the one that is stirring up the most comment. Behind these statements stand men whose judgment on business conditions and investment prospects commands the widest interest and the closest attention. They include bankers, manufacturers, exporters, importers—all of them interested in securing new markets for American products, some of them especially interested in the sort of products which Russia particularly needs for the pushing through of her great Five Year Plan of modernization.

That their names do not stand behind this expression of their views is due only to their distrust, not of Russia, but of the prudence of taking a public attitude in regard to her affairs. "Use anything I say, go as far as you like," they warned as one man, "but you mustn't quote me. They say that Washington doesn't like Moscow and isn't on speaking terms. I know nothing about the merits of that controversy, but so long as it exists we are just going to keep on doing business with the Russians whether their politics are red, white or black, but without being quoted in print. Understand, this company has no views. It has customers and if you want to know how we have been getting along with our young Russian friends, why here goes. But, remember, no quoting us."

So, naming no names, the following paragraphs present the basis on which responsible American business men are now doing business with Russia:

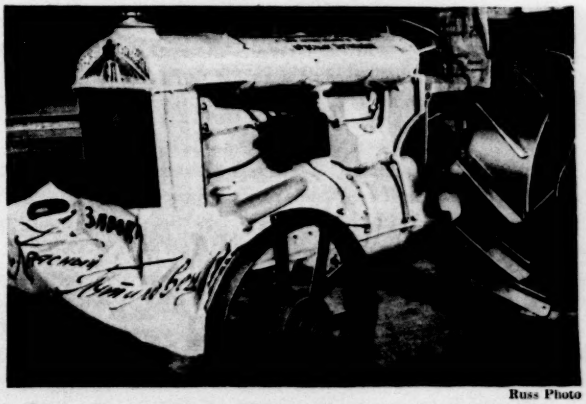
1. Russia is commercially recognized by all the trading nations of the earth. That she is not diplomatically recognized by one out of the 23 chief political powers of the world—the United States, to wit—isn't particularly interesting to anybody except the State Department at Washington. This little incivility doubtless delays correspondence but it holds up commerce precious little. The representative of the Russo-American Chamber of Commerce in Moscow is probably quite competent to look after the needs of salesmen, engineers, contractors without diplomatic aid.

2. Russia has money. Her cash deposits in New York banks seldom fall below $50,000,000.

3. Russia has credit. Since 1924, when her first relations with Manhattan financial institutions were initiated, she has secured very large uncovered banking credits here, certainly for many hundreds of millions, perhaps for more than one billion dollars. She can and does get anything she asks for against her government's notes. She asks for nothing unreasonable and always pays on time.

4. Russia has more than bank credit. She has industrial credit, with the leading exporting industries. Only the other day, a very large manufacturer of heavy machinery let her have several million dollars worth of road-building machinery on three years' time and without any merciless usury attached to the contract. Practically every very large corporation which has sold her big bills of goods—mostly machinery—has let her have credit. She can address herself to the cream of our manufacturers today and get as good treatment as would be accorded to any foreign purchaser. The American exporter is no more afraid of the solvency of the Russian Government than he is of that of the established merchants with whom he deals in other countries over the world.

5. Russia is finding excellent bargains

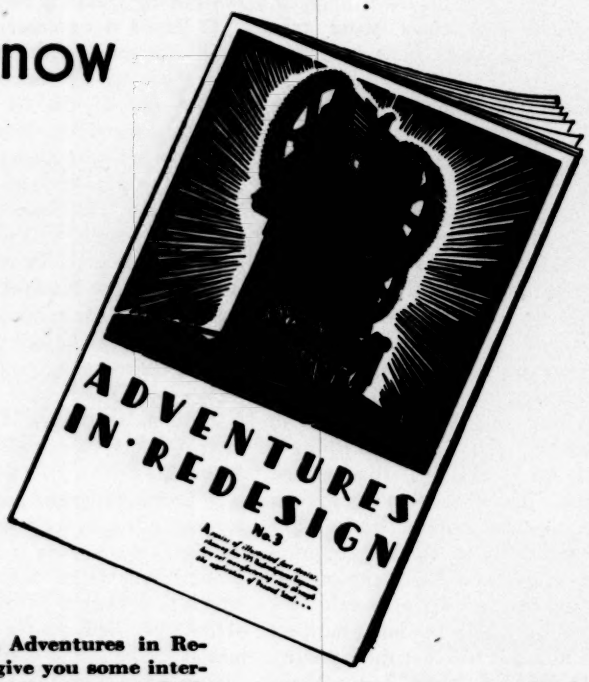


Russ Photo

NO. 1,000

The thousandth tractor of the jubilee series comes off the line at the Krasni-Putilov works

COST CUTTING FACTS you should know



THIS book, Adventures in Redesign, will give you some interesting facts — fact stories which tell how many manufacturers have reduced their production costs.

It briefly tells how these manufacturers have, through the use of Pressed Steel, reduced weight, eliminated breakage, cut cleaning and machining costs, increased strength, simplified assembly, improved eye value and opened up new markets for their products.

It contains eighteen actual examples showing how YPS Engineers have helped cut costs for manufacturers in as many industries — stove, washing and ironing machines, gasoline pump, gas meter, oil burner, carbonizer, truck tank body, railroad section car, portable saw and many other industries—how these experienced engineers have redesigned the present products or assisted in the development of new products.

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and incidentally rendering us an economic service by buying heavily of our used factory equipment.

6. Russia has secretly paid our industrialists most of the debts which she owed them through her State confiscation of our private investments in the old Empire. The fact that she does not officially or publicly admit this practice is of no moment; in any case, that is her own business. Her device of settling the old sums due by adding on to the new payments for new purchases is all right with the American creditors.

7. Practically all of the most outspoken former enemies of the Soviets—particularly among the oil companies—are now trading with her on a satisfactory basis.

8. Russia is well enough advised financially in New York to know that she cannot launch any bond issues here—German grand-scale style—for several years to come. If she seeks diplomatic recognition it is probably with this in eventual view. The spectacle of German credit exploitation in the United States in 1924 is doubtless in her vision. Germany was pretty badly off then, not so badly off as Russia is today, doubtless, but nevertheless in a precarious position. Poland, Jugoslavia, Roumania all borrowed heavily in New York while they were still shaky. Russia is dreaming ahead, but she knows she is dreaming.

9. The present financial condition of the Soviet State is strong enough to enable her to settle up our Government's loan claim instantly. The amount is small and she can find it at will. Compared to her achieved settlements of European obligations the matter is trifling.

10. It is fortunate that the things which Russia most urgently needs are products which we urgently need to sell to stave off over-production or prevent unemployment. Further, it is fortunate that most of these things are produced by powerful corporations which can conveniently and safely handle the financial burden of credits. Aside from the construction of her own factories, requiring our machinery, what Russia must first secure is better transportation. She must have new railway equipment, bridge material, road-making machinery, and above all automobiles. At present she has only 15,000 automobiles on her pitiful roads. She makes a car which will run, but that is about all that can be said for it. Before she gets under way, she will need many ship-loads of our cars and, in order to use them profitably, she must rebuild her roads and construct countless bridges.

If this be propaganda, the men whose views it represents are making the most of it.

It's A Job for a McGarrah

A two-fisted fighting man is just what the World Bank will need

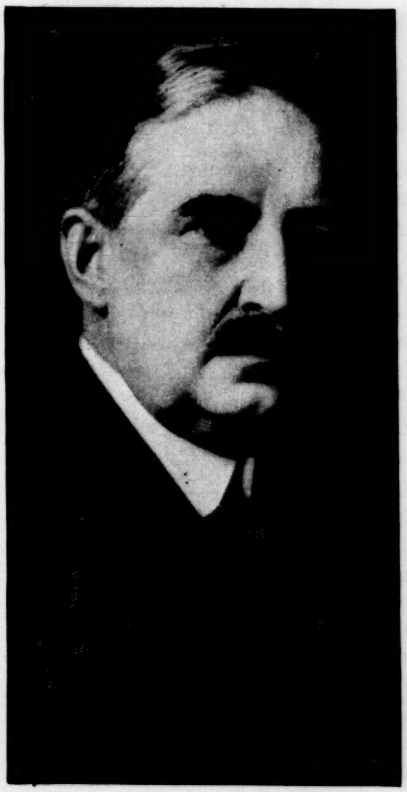
THERE are lots of men out of jobs and a few, precious few, jobs out of men. These latter anomalies arise ordinarily for four reasons. First, little men won't do. Second, big men cannot spare the time, cannot afford it yet. Third, bigger men cannot be appointed because they are unacceptable to a host of enemies, created by their very past of bigness of activity in the great affairs of the world. Fourth, the biggest men don't want to do it, for a variety of reasons, of prejudice, of ambition, of laziness, of selfishness, of fear of failure.

But it is only the biggest men who are acceptable even to all the enemies because they are bigger than their enemies or they have only big enemies, big of heart and of wisdom. Besides, some jobs require the biggest talents and the biggest only. Some pieces of business cannot be compromised. The prime type of this priceless sort of job is war-making. Next to it comes peace-making, which in our day means paying for the war, paying for it fairly, equitably, with justice to all.

SUCH a job is in the market for a man today. The nations look for a man to head the new Bank for International Settlements, the famous B. I. S., which has just taken a charming old house and lot in the quaint half-musty dairy and banking town of Basle, in hilly little Switzerland, that rather fashionable old mansion which all the Baslers for generations have known as the Kirchgartenhaus — Church-yard-house — the Mansion in the Churchyard. And the man has got to be picked right away, for the bank must open for business at nine of the clock on the morning of April Fool's Day next, this 1930.

The man is picked all right. But will he take it? Some of his best friends say not. And why not? Because he is tired? No, he never was tired in his life. Because he is bashful before diplomatic society? Mercy no, he admits that he loves it, now that he has got used to it. Why then? Because he thinks that he is just a little bit old to undertake a sixty-two year long job. He is sixty-seven. Who is he? He is a very heavy, shortish, powerful-jawed gentleman with an Irish name who says he is Scotch because his mother was so.

His name is Gates McGarrah and millions of Americans, tens of millions of tax-paying, war-stricken Europeans have never heard of him. His present job—he has one—is Chairman of the



Board of the Federal Reserve Board of New York. It will take a lot of forcing to make him resign the gentlest and pleasantest job in all banking to enter the fiercest financial arena ever set up in the world. He feels that there ought to be a forty-year older around somewhere who is spoiling to referee a sixty-two year scrap and who has the necessary agility to do it.

Who is to find the youngster if this oldster, universally recognized as the best man for the job, refuses to pack up his furniture on the old homestead at Goshen, to put in tow his yacht behind a liner and set sail for the nearest port to sweet old Basle?

On paper and under the meaningless protocol, a very large and very cumbersome Board of Directors composed of official bankers from a lot of nations will go man-hunting. In fact they will not, any more than they sought Gates McGarrah. They will merely ratify the choice of two intimate, life-long friends of the first choice, should he, alas, finally refuse. And J. P. Morgan and Owen D. Young will never have had a harder job of man searching in their lives with such short notice.

WHERE can they look? There are perhaps not twenty American commercial bankers up to the job. For the man must be a professional commercial banker of the first water and he must be an American citizen. He has got to buy billions of dollars' worth of all sorts of financial paper and to receive gigantic deposits from nations and corporations and individuals and at the same time keep his neutrality in a hornets' swarm of other-worlders.

What men are eliminated? 1. Any member or ex-member or close associate or friend or even vague dependent of Morgan & Co., because Morgan was fiscal agent for the Allies and his name is anathema throughout all the nations which fought the erstwhile Allies. 2. Any poor man. The salary is so small that it hasn't even been mentioned. Any man who has looked for a job knows what that means. The sort of job that pays in experience, not in salary! 3. Any American born in any of the countries aside from ours which were in the late war, which eliminates practically all of our leading Jewish bankers, several of them eminently competent. 4. Any man who was too pro-Ally before America entered the war. That fells several more. 5. Any so-called investment banker, (promotion-minded financier). This is no schemer's job, or revolutions will result. No miner after bond-issues. 6. No great ex-candidates or political men, even grand hopes. Neither Al Smith nor Mr. Coolidge will pass. 7. No professors, above all, and positively no experts or economists. This is a common sense proposition. Did not Bismarck

A lower heat ceiling means
ECONOMY

MODINE Unit Heaters save money every operating day. With Modine "Directed Heat" the warmed air current follows a downward course from Unit to floor. There it spreads out, heating a wide area. As it rises it is re-circulated downward. All the air heated by the Unit is utilized in heating the working zones and the heat ceiling of the room is materially lowered.

In the Modine installation above—in the Mullins Body Corporation, Salem, Ohio—the Units played an important part in construction. The regular steam line was run before the floor was put in. Modines were suspended a few feet from the floor and were used to speed the drying of the concrete floor. In addition to quicker drying and quicker occupancy of the building this use of Modines eliminated all danger of fire that is incident to other methods of drying.

Whatever your heating requirements may be, Modine Unit Heaters can be adapted to meet them. They also are widely used for industrial drying. Let us send you our latest Catalog 130.

MODINE MANUFACTURING CO.
Unit Heaters — Domestic Copper Radiation
Automotive Radiators
1724 Racine St. *(Heating Division)* Racine, Wis.
Branch Offices in all large cities.
London Office: S. G. Leach & Co., Ltd.,
26-30 Artillery Lane.

Modine
Unit **HEATER**

say, "With professors running things is the Fatherland destroyed."

If Gates McGarrah holds out, the choice will probably be some country commercial banker, some towering hinterlander whose name has never been recognized in Wall Street. But everyone hopes and prays that Mr. McGarrah will yield, as he may when Mr. Morgan and Mr. Young appeal to Mr. Mellon and Mr. Hoover to put the screws on him. They so hope and pray because he is above all the "Magnificent McGarrah" of the old school of elegant and trenchant banking, because he looks so much like the old great J. Pierpont Morgan, because he is hard-boiled, an old timer, a man who is accustomed to having his own way and not amused at all by having people put things over on him.

Also, a little, because he was an office boy at Goshen at thirteen, because he has worked it all out, because he knows his stuff as no man does, because he is grand without splurge. To face what the Sick Man of the East called that hyena's den of Europe the nation would rather prefer a tough old fellow, no softster, a solid veteran specimen, capable of axe-work and occasional hard sayings, with a flash of Irish (or Scotch, if he prefers) wit and play in them.

▼

Production ► **New Uses That Mean New Profits**

A FEW of the more recent industrial wonders:

Nitroglycerine is the basis of a new lubricant to grease boots and squeaky wheels; a new attachment to a washing machine makes ice cream; the American Chemical Society has produced "large and beautiful" diamonds from sugar and iron filings; and persons who peel onions are advised to wear gas masks—they prevent crying. A new typewriter prints all kinds of music, a doorbell has been invented with a penny-in-the-slot attachment, and a narrow strip of plaster material down the inside of the trouser leg makes a permanent crease.

Germany has produced paper clothing which is waterproof, washable, and holds its shape, and the same country gets electric power from mud pies. Mud on the bottom of a small Rhine tributary contains a combustible material, which is dried in small cakes and burned to run machinery which generates electric current. A non-returnable milk bottle of wood fiber has been invented, and perfume is being used to remove unpleasant odors from rubber goods and shoe polish.

TIME BUILDS A WALL

NO longer can Industry hope to serve the entire U. S. from any one point . . however centrally located

IF you want to sell all of the United States you must get your goods inside the walls Time has built around each major market. Long ago you could sell this whole land from a single point. Merchants were willing to wait. They bought six months, a year—sometimes two years ahead.

But not now. No matter how transportation speeds up, public demand is one step ahead. Things move too fast these days—and the trade refuses to hold the bag.

They want to order today, and start selling tomorrow. And if you cannot make such deliveries, your competitor gets the business. Hand-to-mouth buying has been firmly rooted by the lesson of 1921, and the practical demonstration of its value in the Fall of 1929.

One of the greatest markets walled about by Time is the South. In a decade buying power has trebled. Diversified industry, tremendously stimulated agriculture, have both contributed to this new and permanent prosperity. And 1929 Prosperity assures big Southern volume for 1930.

Atlanta is Distribution City to this market. By rail, by road, by *air*, you can reach the rich territory more efficiently than from any other point. And more economically, in point of cost and volume gained, as has been amply proven by nearly 700 outstanding national concerns that have chosen this city during the past four years alone.

The Atlanta Industrial Area is a manufacturing region of unexcelled advantages. Efficient labor, plentiful raw materials, low-cost power, natural gas, low taxes, building costs 20% to 35% under those in other sections—these and a host of other basic factors combine here to carry profits to their highest point.

It may be that Atlanta location cannot help your business,—but neither you nor we can be sure of that until we both study the situation as it affects your special problems. To this end the Atlanta Industrial Bureau offers the services of its experts, who will analyze conditions here, and report their findings to you in detailed and unbiased form.

This valuable service is rendered without charge or obligation, and in the strictest confidence, upon your request. It may be the means of adding thousands to your net profits in the next few years. Write

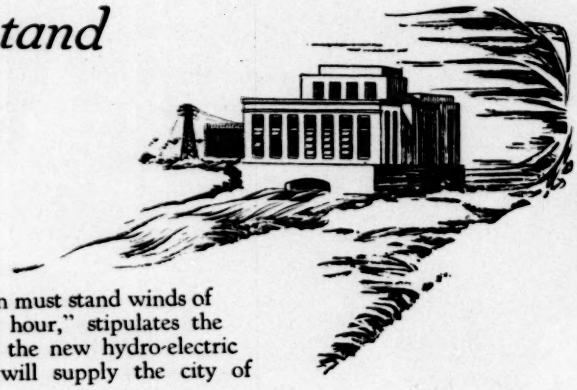
INDUSTRIAL BUREAU, CHAMBER OF COMMERCE
192 Chamber of Commerce Building

Send for this Booklet!
It contains the fundamental facts about Atlanta as a location for your Southern branch

ATLANTA

Industrial Headquarters of the South

To withstand 150 mile gales



"THE construction must stand winds of 150 miles per hour," stipulates the specifications for the new hydro-electric station which will supply the city of Manila, P. I.

"Screening must be used over the sub-station structure and nearby lines as a protection against leaves from banana and palm trees blowing on the wires causing a 'ground'."

The contract calls for the design and construction of a 16,000 K. W., 635 foot head hydro-electric project which includes a 50 mile 110,000 volt transmission line.

Barstow engineers traveled 11,000 miles to undertake this, the first major development of the water power in the Philippine Islands.

When a large and well organized engineering firm tackles your job, no building conditions are too severe and no distance is too great.

Our experience and equipment are at your disposal. Let us estimate on your contemplated design and construction.

W. S. BARSTOW & COMPANY, Inc.

Engineering—Design—Construction

50 Pine Street
New York City

412 Washington St.
Reading, Pa.

SUBSCRIPTION COUPON

If you want THE BUSINESS WEEK to come to you regularly every week, please fill in this coupon and mail to 475 TENTH AVENUE, NEW YORK, N. Y.

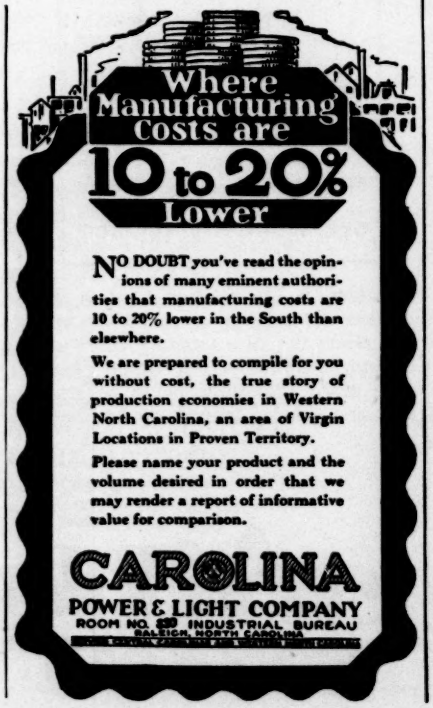
Name: _____

Address: _____

Title: _____

Firm: _____

If your remittance ($5.00 a year) is not enclosed we will bill you. Foreign Postage $1.00 a year extra.


Where Manufacturing Costs are
10 to 20%
Lower
NO DOUBT you've read the opinions of many eminent authorities that manufacturing costs are 10 to 20% lower in the South than elsewhere.
We are prepared to compile for you without cost, the true story of production economies in Western North Carolina, an area of Virgin Locations in Proven Territory.
Please name your product and the volume desired in order that we may render a report of informative value for comparison.
CAROLINA
POWER & LIGHT COMPANY
ROOM NO. 250 INDUSTRIAL BUREAU
RALEIGH, NORTH CAROLINA

THE LEADERS SAY

AS long as executive salaries are so far above all others, there will be a paucity of first-class scientists. From this premise, Prof. E. R. A. Seligman, with keen economic foresight, looks ahead:

"What we need in the United States is to revise our entire conception of the academic and scientific life. The prices that we dangle before those that enter the financial and business world must in some way be made possible for the thinker.

"The situation now is ominous. It explains the fact why we have such remarkable captains of industry at present, but it is full of menace for the future, for industry itself depends in the last instance upon the discoveries of the great scientists; and if we have no great scientists we shall have in the long run no great industries.

"In this country we have to fight not only against the consequences of the price revolution which has been taking place all over the world, and which only tends to accentuate the disparity between the remuneration of those who amuse us and those who instruct us, but we have in addition the unstable condition of American life with its perpetual worries, continual uncertainties, and constant extremes."

▼

DEEMS TAYLOR, turning for a moment from musical criticism, looks at advertising: *I have come to realize that the really big and reliable advertiser never does anything so vulgar as sell anything; he solves problems.*

▼

MIRRORING European business thinking, an editor writes in *European Finance:*

"Both the expansion of the Ford Motor Works and the General Motors Corporation, though launched from diametrically opposite angles, represent a grave menace to the European motor industry. In self-defense against this simultaneous attack, European automobile manufacturers must pool their interests and rationalize their production if they are not to be entirely swallowed up at no distant date by their American rivals."

▼

OWEN D. YOUNG, in a position to generalize: *By and large I think the American business man cares less for money than the business man of any other country.*

Widening the scope of the Industrial Traffic Manager

The ever more efficient handling of cars in the Pennsylvania's great classification yards helps to ensure more and more on time dependability in freight transportation—with the result that new opportunities for increased economies are seen every day by Industrial Traffic Managers.

THE entire machinery of distribution has been revolutionized in America since the War. Improved freight service—such as is offered by the Pennsylvania's famous fleet of "Freight Limiteds"—has been utilized to cut inventories, speed turnover, perfect a whole new conception of distribution.

In the accomplishment of this revolution, Industrial Traffic Managers have played an important part. For these transportation experts are able to realize fully the *business value* of each improvement in railroad service—and to lose no time in capitalizing it.

The Pennsylvania has always closely coöperated with the Industrial Traffic Manager—furnishing him accurate schedules, on time arrival, dependable "passing reports."

The Pennsylvania believes that such dependable on time service as is offered by its own "Limiteds of the Freight Service" today can be made ever more profitable to shipper and consignee. New opportunities for economies are opening up every day . . .

And upon the Industrial Traffic Manager depends in large measure the realization of this promise for the future.

FAVORITES OF THE INDUSTRIAL TRAFFIC MANAGER

These Pennsylvania "Limiteds of the Freight Service" are noted for their on time dependability.

FLYING CLOUD
Merchandise
Buffalo to Pittsburgh

THE MASCOT
Perishable Freight
Chicago to Pittsburgh

THE PREMIER
Live Stock
Pittsburgh to Seaboard Cities

THE PURPLE EMPEROR
Perishable—Merchandise
Norfolk and Baltimore to Buffalo

THE HOME RUN
Empty Refrigerator and Tank Cars
Seaboard Cities to Chicago

THE NORTH STAR
Perishable—Merchandise
Pittsburgh to Buffalo

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America

Valve permanence in good piping

With a wide margin of safety and strength, Jenkins Valves bring to every job . . . in the power plant, in plumbing, heating, or fire protection piping...lasting valve efficiency and the economy of minimum upkeep. Jenkins Bros., New York, Boston, Philadelphia, Chicago.

Jenkins
VALVES
Since 1864

NEO-LEUM
FLEXIBLE-STAINLESS-REVERSIBLE
NON-GLARING - NON-BREAKABLE
DESK TOPS

Save your eyes

and concentrate all your attention on the job. Neo-Leum eliminates confusing reflections of objects or light. Finished in dark green—nature's eye-comfort color. Neo-Leum stimulates working speed, insures accuracy, adds efficiency. It also preserves new desk tops and renews old ones. Makes offices better looking and is a profitable, permanent investment. Neo-Leum is its own best salesman and will demonstrate 10 specific advantages over glass tops—besides costing one-third to one-half less. Use it 10 days without obligation. Use the coupon now.

Wagemaker Company
GRAND RAPIDS, MICHIGAN

WAGEMAKER COMPANY
568 South Market St., Grand Rapids, Mich.
Please ship f. o. b. Grand Rapids the following size Neo-Leum top or tops which we agree to use for ten days, returning or remitting within this time.
Size of desk top:.....in. by.....
Name .....
Address .....

After Office Hours . .

TODAY drives us business men so hard that we tend to suffer from short memories of yesterday. With so many millions now spent yearly on industrial research, it is easy to forget the courage of the early research pioneers.

More than twenty years ago, ex-Ambassador Alanson B. Houghton turned loose a Doctor of Philosophy in Chemistry in a glass laboratory, thereby providing most of the industry with a real good laugh. One of the many results was Pyrex, originally invented for heat resistance in the family oven but now used also in the electrical and many other industries. The young chemist of 1908, Eugene Cornelius Sullivan, B. S. University of Michigan, 1894 Ph.D. University of Leipsic, 1899, is now President of the Corning Glass Works, Mr. Houghton being Chairman of the Board.

▼

BUSINESS has been talking so much about the fact that 1930 is a "buyer's market" that it has overlooked some of the compensation in the fact that it's also a borrower's market. Not so one business man. Three months ago, when he needed funds to carry out a new project, he found himself taking what his banker would give him—which was a 90-day loan at 6%. But the other day, when the note fell due, was another day. At least, he thought so, for he went back to the banker with an offer to renew all of the loan at 5%, a half at 5½%, or a quarter at 6%. "Half at 5½%," said the banker, "—and thank you."

▼

THEY are saying that King George did a royally good job when he talked to the Naval Conference at its opening session but he'll have to split the honors of the event with Herold Vivian, employee of the Columbia Broadcasting System who literally held an audience of uncounted thousands that, except for him, would have walked out on the King-Emperor. Mr. Vivian's contribution to the act consisted of holding together the live ends of an accidentally broken wire over which the august words came into Station WABC for re-broadcast to such of us as were up early enough to attend the King's levee. His badly seared hands furnish the first dramatic proof that the broadcasting industry has succeeded in translating the dogged old newspaper slogan, "The presses must run," for the new field of news distribution.

▼

"BUSINESS reasons" explain and excuse a lot of things to Louis Goldstein salesman, of Brooklyn, N. Y. For "business reasons" he wanted to change his name. He filed a petition in Brooklyn City Court saying the name "Goldstein" was a handicap to a hard-working travelling salesman; it was an "un-American name", it was not euphonious. Couldn't he change it to "Golding"?

In time the court handed down a written decision. "Goldstein," said the court, was simple and easy of pronunciation. There probably were more good, native-born Americans named "Goldstein" than "Golding". There were, in fact, numbers of Goldsteins who have "achieved success in commerce and industry, as well as in the professional world". Petition denied. At the end, the Judge's signature.

Louis Goldstein, salesman, read the signature, and quietly crumpled up. Fate, which might have routed his petition to any one of the many justices of Brooklyn City Court, had whimsically decided to drop it on the desk of—Justice Louis Goldstein.

▼

A RECENT Federal study of Distribution revealed a surprising number of concerns oblivious to the fact that the business won from certain districts was far from paying costs. Selective selling is, of course, the answer. But we'll probably grow more expert with the inevitable screen if we realize that deep down inside us all is a good deal of sympathy with Rastus and his fishing.

Sitting, pole in hand in his comfortable porch rocker, watching intently his cork float on the recent shower's shallow pool, he met every inquirer's reproaches blandly:—"Yes, sah, . . . but you see it's jes' nachelly *so handy!*"

ATURAL GAS IS NOW AVAILABLE FOR INDUSTRIES

From this point the eleven Western States, the Orient and South American markets are most efficiently served.

A new fuel....low power costs *in the* San Francisco Metropolitan Bay area

This is one of the fastest growing industrial centers in the country. Many national concerns have located here and many more are coming. Here you find low power costs and an abundant supply of natural gas at attractive low rates. There is ample supply of skilled and unskilled labor with unusually low turnover largely due to the high percentage of home ownership. A splendid working climate of 57.1° F. mean annual temperature. There are over 100 miles of waterfront within the industrial area. Acreage of any desired size can be had at considerably less cost than elsewhere. Here, too, building costs are relatively low. Here you will find promptly available raw materials in wide variety and great abundance.

Distributors or manufacturers interested in the great western markets are invited to write for any general or specific information with the assurance of the correspondence being held in strictest confidence. Send for a copy of "Outstanding Features of the P.G. and E."

PACIFIC GAS AND ELECTRIC COMPANY

P·G·and E·

Serving 349 Communities in Northern and Central California

General Offices. 245 Market Street

San Francisco, California

Ind. No. 3

FOR WEEK ENDING FEBRUARY 8, 1930

EDITORIAL

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

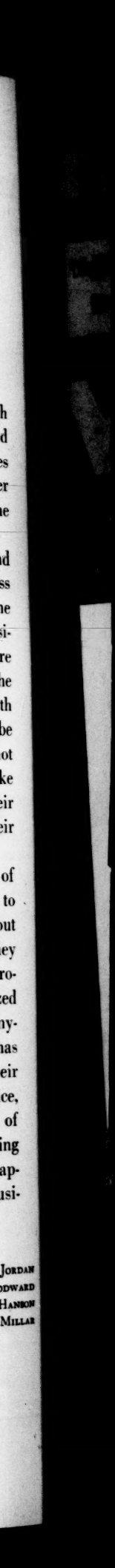
What Are Things Worth?

• THE obstinate and heartless decline in the prices of some commodities during the past few months has given certain infant prodigies of "price stabilization" an acute attack of the colic and caused even Old Man Supply and Old Lady Demand to suffer a touch of lumbago. There is nothing wrong with the old couple, who are good for many more years of steady work, but they have strained themselves slightly trying to keep up with the younger generation of stabilizers, who have lately been picking too many green apples in the orchard of orderly marketing and price control.

The distress that has followed some of these adventures in price stabilization is unfortunate, not only for the participants but for many innocent bystanders in this and other countries where buying power has been curtailed and business retarded by drastic price declines. But there will be some net gain from this disaster if it induces business men everywhere to do some hard, candid thinking about the nature and function of prices in our modern economic scheme.

Efforts to stabilize prices are sound and harmless enough in theory, but questionable and dangerous in practice. Great price fluctuations and reckless or blind competitive price-cutting are against the long-run interests of consumers, producers and distributors alike. But there probably has never been and never will be any device for stabilizing prices which is content merely to stabilize and does not tend in time, if it works at all, to raise prices to a level which will keep a large number of high cost producers and sellers in the business.

We must face the fact that in these days and from now on the consumer is king in business—silent, autocratic, absolute and by divine right. He does not exist for the benefit of business; business exists to serve him. Things are worth only what he will pay for them, and he will pay for them only what they are worth to him, not what they are worth or ought to be worth to the producer or seller. If this is not enough to enable everybody who wants to make and sell things to continue doing so in their own way and on their own terms, that is their affair, not the consumers'.

So far as the great staple commodities of world markets are concerned, it is futile to try to outwit the consumers, with or without government aid. There are more of them; they have more money and more time than the producers; they are becoming better organized and as well informed about the market. Anyone who tries to drive them into a corner has to be prepared to cope not only with their numbers, their resources, their intelligence, and their knowledge, but with the forces of modern science, which are forever working with them to make the things they want cheaper and better. It is a losing game for any business that does not play on their side.

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